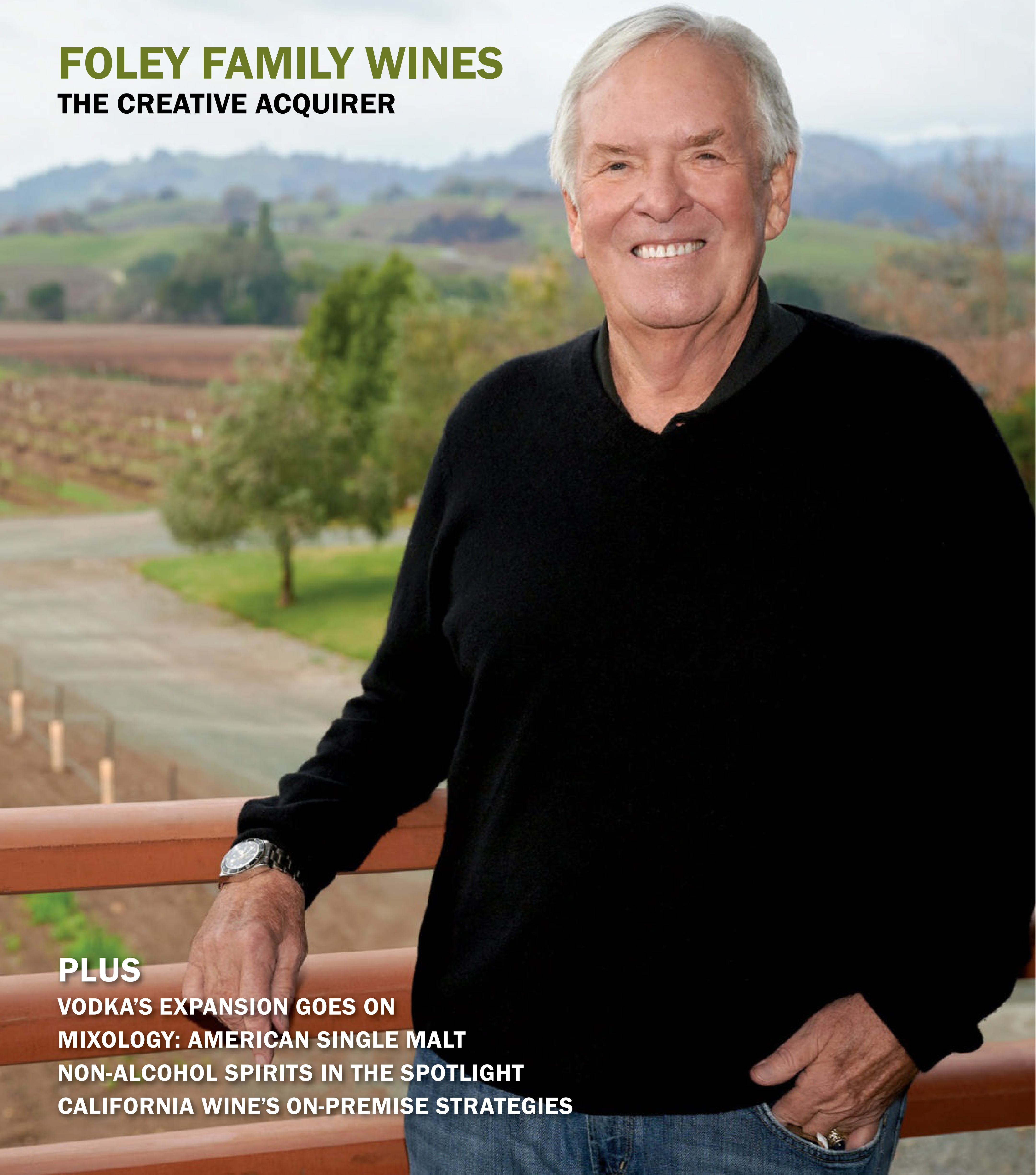
MARKET INTELLIGENCE ON SPIRITS, WINE AND BEER
MARCH 2023

MARKET WATCH



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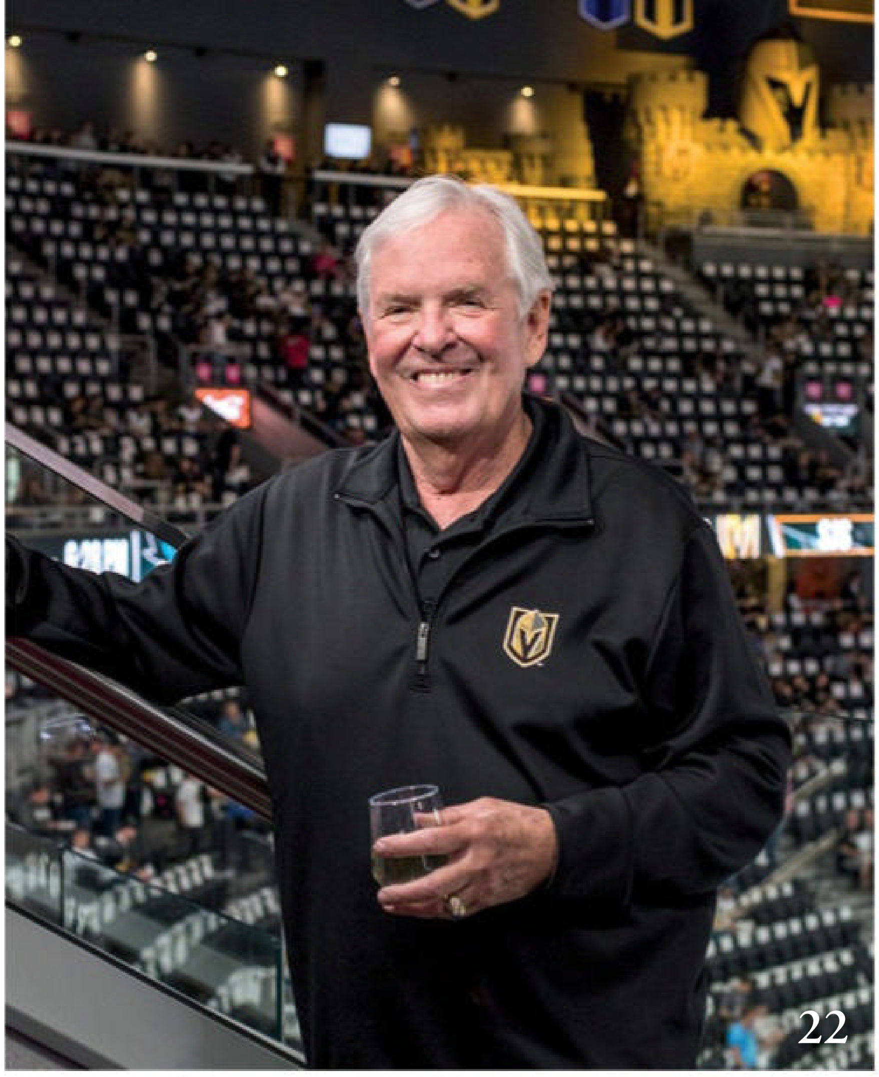

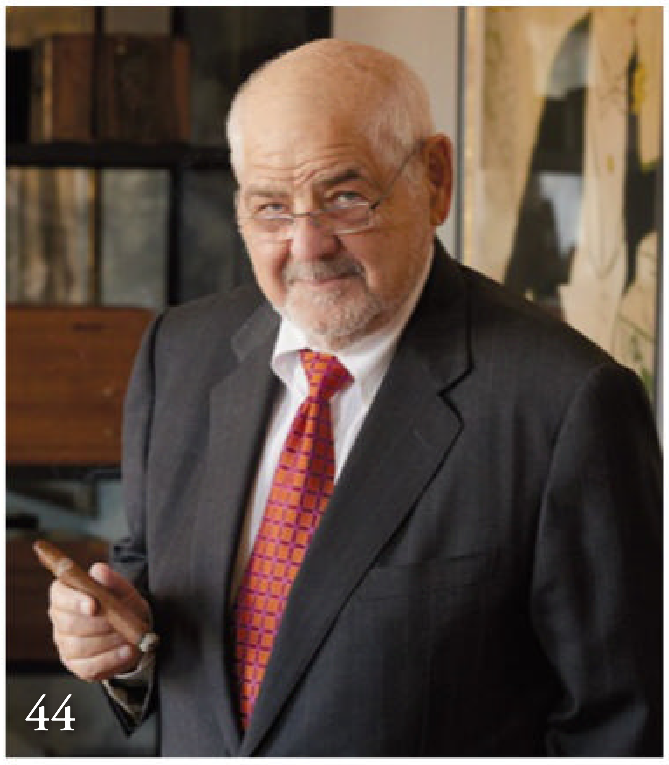

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On the cover:
Bill Foley of Foley Family Wines
Portrait by Vegas Golden Knights

PHOTOS BY (TOP LEFT) JOE BUGLEWICZ;
(TOP RIGHT) BRIAN SAMUELS PHOTOGRAPHY;
(BOTTOM RIGHT) RICK WENNER

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PHOTOS BY (LEFT) THOMAS MIZUNO-MOORE;
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PHOTO BY (LEFT) SETH PARKER

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Acquisitions With Flair

We all know about consolidation—it happens in nearly every industry in the world. In the drinks business, we've all lived it. In most cases, the acquired company ends up losing much of its identity as production, distribution, and pretty much everything else, is absorbed into the acquirer's operations. By the end of it all, there's not much left of what once was. But some buyers make acquisitions to preserve and nurture great brand names, and Bill Foley is firmly in that camp. His involvement in the wine business began as little more than a weekend hobby in 1996, when he and his wife, Carol, bought a vineyard in Santa Barbara. Since then, Foley has built his own private wine empire, with a portfolio of wineries that includes Chalone, Chateau St. Jean, Sebastiani, Chalk Hill, Ferrari-Carano, and many more. In the process, he has done a great service to California wine, as his wineries are now thriving under his ownership. After nearly 30 years in the business, Foley has quietly become one of its most valued players. We profile Foley Family Wines in our cover story, which begins on Page 22.

Speaking of California wine, we also take on the all-important topic of on-premise sales for the Golden State's wines, discussing post-Covid-19 strategies with winemakers and restaurant operators as recovery moves along. That story starts on Page 38. Elsewhere in this issue, we cover the king of all spirits in United States, vodka, and find that it's still thriving. Despite difficult stories for some individual brands, the category is in no danger of relinquishing its crown. We also explore the world of non-alcohol spirits in this issue, a segment that is still tiny but has been finding its niche. Some spirits companies, notably Diageo, have positioned themselves to compete in this space. While non-alcohol spirits may never enter the mainstream spirits picture in a big way, the major spirits companies are part of the overall beverage business, and are uniquely positioned to capitalize on any positive trends in this area. Certainly, some of the brand stories are very interesting.

There are plenty of other interesting entries in this issue—single malt cocktails, the ongoing rise of American brandy, and the state of play in Oregon's wine business, which continues to thrive. As we get into gear and begin to move further in to 2023, here's hoping that we can continue to build on all the impressive performances of recent years.

Enjoy the issue,

Marvin R. Shanken

MARKET WATCH

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BPA
WORLDWIDE

mw THROUGH THE GLASS

21st Amendment Gets New Owners…. Indiana-based liquor store chain 21st Amendment is undergoing a change of ownership following the death of founder and former MARKET WATCH Retailer of the Year Jim James in early 2021. The 20-store chain, which had revenue of about $38 million as of 2020, when it counted 16 stores, now passes to US Liquor Group LLC for an undisclosed sum.

The new company's principals include Bobby Kang, CEO of California-based transportation company Cargo Solution Express, and Indianapolis-based hotel owners Harry and Alex Ghoman, the Indianapolis Business Journal reported, adding that 21st Amendment veteran Lou Anne Brennan will serve as a managing consultant to the new owners.

White Claw Enters Spirits…. Leading hard seltzer player White Claw is entering the spirits category. The brand's new Triple Wave Filtered Premium vodka is receiving a heavily supported launch backed by digital and out-of-home ads, online videos, experiential events, and other marketing activities.

White Claw vodka will be available in 50-ml., 750-ml., and 1-liter bottles and is being produced with 100% American corn, distilled five times, and then filtered three times with water pressurized to 6,000 pounds per square foot to simulate the power of 3-by-30-foot ocean waves.

The launch includes a 40% abv straight vodka and three 30% abv flavored offerings: pineapple, mango, and black cherry. While the distillery partner has not been announced, the new vodka is bottled in Bardstown, Kentucky.

Priced to match Tito's, White Claw vodka is rolling out over the next few months at major retailers such as Total Wine & More, Albertsons, BevMo, Spec's, Kroger, Meijer, Hy-Vee and Walmart locations where spirits are sold. The vodka is also hitting the on-premise market.

Bacardi Takes Majority D'Ussé Stake…. After months of legal wrangling, Bacardi Ltd. and Shawn "Jay-Z" Carter have come to an accord on D'Ussé Cognac. Bacardi has acquired a majority interest in the multi-billion-dollar brand from the music mogul, who will retain a significant ownership stake in the Cognac. Terms weren't disclosed.

D'Ussé had recently become the subject of a legal dispute between Bacardi and Jay-Z, who partnered to launch the brand in 2012. Despite rapid growth that saw D'Ussé soar from below 60,000 cases in 2015 to nearly 1 million cases last year, according to Impact Databank, Jay-Z accused the drinks giant of mismanaging the business in order to acquire his share at a reduced price.

Bacardi responded in court papers claiming that its Empire Investments affiliate struck a "handshake deal" with Jay-Z's SCLiquor LLC to purchase Jay-Z's 50% share in the brand. Bacardi said Jay-Z "abruptly reneged on its agreement." Now the two sides have come to an agreement that should allow D'usse to continue its expansion. The D'usse Cognac range consists of VSOP and XO qualities.

"Growing D'Ussé from an idea to one of the fastest-selling spirits in history has been a blessing," Jay-Z said in a statement. "The next phase of this journey will further cement D'Ussé's legacy as one of the world's most respected brands. I'm excited to renew this partnership with Bacardi." mw

The Editors

Drizly, Gopuff Partner In Significant E-Commerce Expansion

E-commerce platforms Drizly and Gopuff announced a new partnership, bringing Gopuff's Liquor & More—including subsidiaries Liquor Barn and BevMo—to the Drizly platform. The new partnership covers 26 states including Florida, Texas, New York, Indiana, Ohio, and North Carolina, among others. Financials weren't disclosed.

"Drizly's infrastructure for alcohol e-commerce coupled with Gopuff's network of commerce locations will extend the ease of on-demand delivery of beer, wine, and spirits nationwide and help even more customers of legal drinking age shop the best drinks for the moment," says Drizly senior director of retail operations Blaine Grinna. This is the second partnership between Gopuff and Drizly's parent company Uber, which acquired the beverage alcohol delivery platform for $1.1 billion in 2021; the same year, Gopuff's inventory became available on the UberEats app.

In addition to adding its inventory to Drizly, Gopuff has also added new locations of BevMo and Liquor Barn to its quick-service program, including the company's native app and through Drizly. The company added nearly 20 BevMo locations to its on-demand program, notably expanding into Arizona and Washington, while Liquor Barn increased its on-demand availability across Kentucky.

THE 46TH ANNUAL
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E-commerce player Gopuff (founder and CEO Yakir Gola pictured) is bringing its Liquor & More, including Liquor Barn and BevMo, to Drizly.

PHOTO BY JONATHAN SMITH

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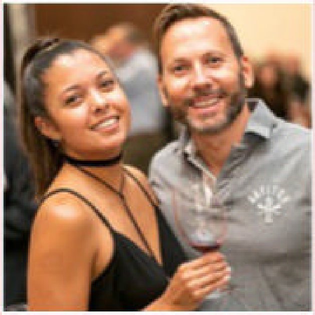
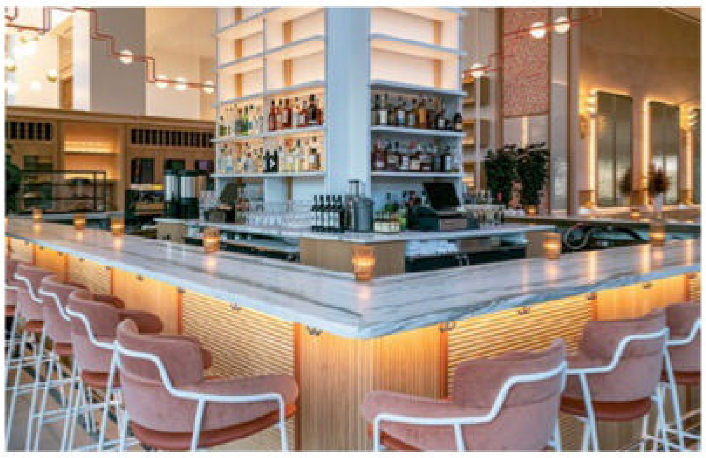


Fox Restaurant Concepts focuses on agave spirits at its first bar-only concept, Pushing Daisies, in Nashville. The venue has roughly 100 Tequilas on display.

Nashville, TN: Restaurateur Adds First Bar Concept To Celebrate Agave

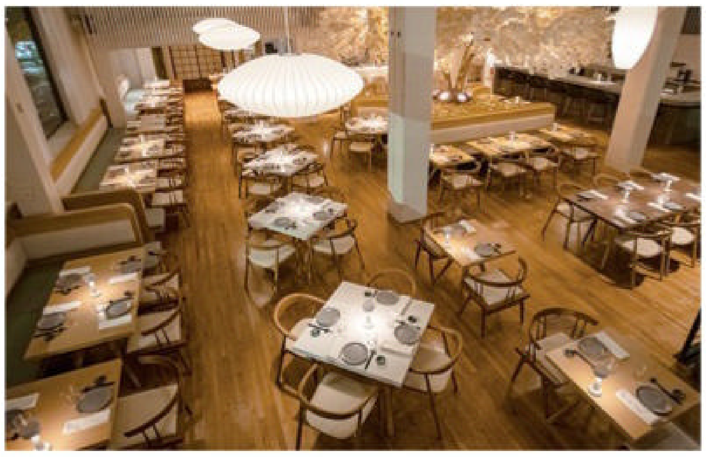
Boasting more than ten riffs on the Margarita plus a full menu of other Tequila and mezcal drinks, Pushing Daisies celebrates all things agave in Nashville, Tennessee. The bar opened in November from restaurateur Sam Fox, whose Fox Restaurant Concepts operates more than 60 eateries across the country but has never tackled a bar-only concept until now. Pushing Daisies displays nearly 100 Tequilas on the backbar. The concept offers a Classic Margarita made with Corazón Blanco, as well as flavored specialties like the Devil's Vice, made with jalapeño-infused Corazón Blanco Tequila, strawberry-clementine juice, and blistered shishito pepper. Beyond Margaritas, Pushing Daisies also serves a Don Fulano Añejo Tequila-based Old Fashioned, a Banhez Ensemble mezcal-based Negroni, and a Corazón Añejo Tequila-based Mexican Mai Tai (specialty cocktails are $13-$80). The bar pours a Margarita and sangria on draft and lists shareable punch bowls, along with a handful of wines ($11-$13 a glass; $40-$300 a 750-ml.) and beers ($7-$8 a bottle or can), which complement Mexican-inspired snacks like chips and queso, tacos, and tostadas ($5-$16). Located underground in Nashville's Upper Broadway neighborhood, in a basement below two other Fox restaurants, Pushing Daisies has a large bar and a stage for live music and DJs. The space has traditional seating and VIP table service.



MaryGold's puts a fresh spin on creative cocktails, with drinks that highlight local produce options.

Miami: New Hotel Partners With Bar Lab

The new Arlo Wynwood hotel in Miami's arts district unveiled its signature restaurant in November, opening MaryGold's as a collaboration between Chef Brad Kilgore and cocktail firm Bar Lab. MaryGold's offers a variety of specialty drinks that highlight fresh produce, including the Key Lime & Mace, mixing Patrón Blanco Tequila, Grand Marnier, Myris liqueur, key lime agave syrup, condensed milk, and lime juice, and the Tomato & Strawberry, a blend of Illegal Mezcal, Cocchi Americano and Martini Riserva Speciale Ambrato vermouths, and house-made tomato-strawberry soda (cocktails are $18-$22). Specialty drinks are joined by Florida craft beers ($8-$14 a bottle or can) and a varied selection of global wines ($15-$35 a glass; $60-$750 a 750-ml.). MaryGold's boasts a large bar and a wall of wine to display its bottled offerings.



Japanese and Korean cultures shine at Janken, which showcases myriad specialty drinks and sakes.

Portland, OR: Pan-Asian Venue Highlights Japan, Korea

Japanese and Korean cultures shine at Janken, a pan-Asian concept that opened in November in Portland, Oregon's Pearl District. The venue serves sushi and sashimi alongside bao buns and fried rice (food is $6-$115), which complement a list of sakes ($14-$20 a glass; $20-$245 a bottle) and specialty drinks like the Pineapple Express, made with grilled pineapple-infused Banhez mezcal, Fee Brothers Cardamom bitters, cane syrup, and lemon juice, and the Cherry Blossom, blending chocolate-infused Woodford Reserve, Ancho Reyes chile liqueur, cherry chocolate chili tea, and lemon juice (cocktails are $17-$21). The bar also pours beer ($9 a bottle or can) and wine ($12-$16 a glass; $55-$170 a 750-ml.). Janken has a large interior and a cherry blossom tree at its center.

PHOTOS BY (TOP) SETH PARKER; (CENTER) CHATCHOW; (BOTTOM) JOEY WRINN

NYC: Canadian Concept Unveils First U.S. Location

Canadian-based Mediterranean bar Reyna made its U.S. debut in New York City with a lengthy list of specialty cocktails, global wines, and beers.

The Mediterranean cocktail and snack bar Reyna made its U.S. debut in November with the opening of a location in New York City's Union Square neighborhood. A Canadian concept based in Toronto, Reyna has roots in Spain, Greece, Italy, and Arabic countries, with a menu to match. The venue offers specialty drinks like the Please Sir, Some Meaux, comprising brie cheese-washed Woodford Reserve Bourbon, Chambord, King Floyd's Scorched Pear & Ginger bitters, Château Moulin de Bel Air Médoc, pear and walnut syrup, lemon juice, and egg white, and the King Arthur's Concubine, blending La Diablada Pisco, Chinola passionfruit liqueur, Owl & Whale Persimmon bitters, Bittered Sling Orange & Juniper bitters, tarragon syrup, and tangerine and lemon juices, as well as a full roster of classic cocktails, from an Old Fashioned and Manhattan to a Sidecar and Corpse Reviver (specialty drinks are $17-$25). Reyna has a lengthy wine list too, spanning some 50 labels, primarily from Europe ($15-$21 a glass; $60-$220 a 750-ml.), which join a handful of global beers ($9 a bottle). The venue's food menu lists tapas and oysters alongside falafel bites, Lebanese tacos, paella, and shawarma (food is $8-$120). Reyna has a warm and welcoming interior with an eclectic design and a large bar. The team behind Reyna already has plans to expand in the United States and is set to add a second cocktail bar, Le Louis, in New York in early 2023.

Philadelphia: European Bar Debuts In Italian Market

The European-style bar Grace And Proper opened in November in Philadelphia's Italian Market on 8th Street, evoking Portuguese and European bar culture. The concept is operated by Hawthornes Restaurant Group and located in a historic space that housed a corner drugstore in the 1920s, complete with tin ceilings, mosaic tile, and exposed brick. Grace And Proper offers classic and modern cocktails, including a Rittenhouse rye-based New York Sour, a Glenmorangie X-based Penicillin, and the Sip Happens, blending Casamigos Reposado Tequila, vanilla-infused Kiki vodka, and Borghetti Espresso liqueur, topped with Fernet Branca-enhanced whipped cream (cocktails are $18-$23). The bar also serves beer ($12-$20 a draft pour, bottle, or can) and wine ($15-$20 a glass; $60-$400 a 750-ml.).

Grace And Proper occupies a century-old space in Philadelphia, serving both classic and modern drinks.

Washington D.C.: Hotel Opens With Brasserie And Bar

The Morrow Hotel opened in November in Washington D.C.'s NoMa neighborhood, bringing with it a French brasserie and lounge, and plans for two additional cocktail bars. The hotel's signature restaurant, Le Clou, is helmed by chef Nicholas Stefanelli and serves inventive French fare ($14-$148) and cocktails ($18). Standout drinks include the Antilles, made with Pierre Ferrand Cognac, Dolin Dry and Dolin Sweet vermouths, and orange flower water, and the Le Dame en Rouge, a blend of acid-adjusted blood orange juice and tonka bean syrup topped with Rolland Champagne. The restaurant also offers a lengthy list of French wines ($14-$75 a glass; $39-$8,999 a 750-ml.) and has a Champagne cart.

Laura Pelner

The Morrow Hotel in Washington D.C. boasts the inventive French brasserie and bar Le Clou.

PHOTOS BY (TOP) STEVEN BRANCO; (CENTER) EDDIE MARENCO

The GlenDronach Cask Strength Batch 11

The GlenDronach, part of the *Brown-Forman* portfolio, has announced the 11th edition of the distillery's cask strength Highland single malt Scotch whisky. This edition ($100 a 750-ml.) comes in at 59.8% abv and matured in a combination of Pedro Ximénez and Oloroso Sherry casks selected and blended by master blender Rachel Barrie. The GlenDronach Cask Strength Batch 11 is rolling out across the U.S. now. For more information, visit Theglendronach.com.

The Glenturret Prowess

The Glenturret has announced Prowess, the newest offering in the Trinity Series in Lalique, a collaboration between the distillery and the French crystal house. Bottled at 33 years old, the 43.9% abv whisky ($14,352 a 750-ml.) is blended from two casks—one from 1987 and one from 1988. Each of the 320 bottles are packaged in a crystal decanter designed by Marc Larminaux, Lalique's artistic and creative director. For more information, visit Theglenturret.com.

Duncan Taylor 52-Year-Old Macallan

Scotland's *Duncan Taylor Scotch Whisky* has added a new whisky to its Rarest Collection, a 52-year-old single malt distilled and matured at the Macallan distillery. The 41.46% abv whisky (just over $90,000 a 750-ml.) was laid down in 1969 and first aged in ex-Bourbon barrels before being transferred to Oloroso Sherry casks. The new offering comes in a decanter shaped like a Scottish dagger, which sits in a cabinet made from European oak. The whisky is available in the U.S. by special request through Shand Import. For more information, visit Duncantaylor.com.

Orphan Barrel Muckety-Muck 26-Year-Old Single Grain

Orphan Barrel Whisky Co., part of the *Diageo* portfolio, is releasing the third and final installment in its Muckety-Muck series: Muckety-Muck 26-year-old Single Grain Scotch whisky. Sourced from the ghost distillery Port Dundas in Glasgow, which closed in 2010 after 200 years of operation, the 26-year-old ($300 a 750-ml.) is a blend that pays homage to the previous two Muckety-Muck releases. The limited-edition bottling is at 46% abv and is available at select spirits retailers nationwide. For more information, visit Orphanbarrel.com.

Rampur Select

Rampur Indian Single Malt is re-releasing its top label in the U.S. for a limited time. First launched in 2016, Rampur Select ($140 a 750-ml.) will be available beginning this month in key cities across the U.S. as part of a limited-edition 2022 production run committed solely to the U.S. market. Rampur Select is not bottled with an age statement but was matured in the foothills of the Himalayas in a location that sees extreme shifts in temperature throughout the year, accelerating the aging process. The whisky is made from 100% Indian barley and bottled at 43% abv. For more information, visit Rampursinglemalt.com.

Bushmills Rare Cask 30-Year-Old Single Malt

Proximo Spirits' Bushmills has announced the latest release in the brand's Rare Cask Series, a 30-year-old single malt. The 49% abv whiskey ($1,000 a 750-ml.) was initially barreled in October of 1991 and matured until February 2005 in a combination of ex-Bourbon and ex-Sherry casks. Then, the whiskey was transferred to first-fill Madeira casks and continued maturing until it was selected for this release. The single malt will be available in extremely limited quantities across the U.S. It's now available for pre-order through Flaviar. For more information, visit Bushmills.com.

Writers' Tears Red Head

Writers' Tears Irish whiskey, part of *Walsh Whiskey*, has launched Red Head, the latest limited release from the brand. The new single malt Irish whiskey ($70 a 750-ml.) is bottled at 46% abv and is matured in Oloroso-

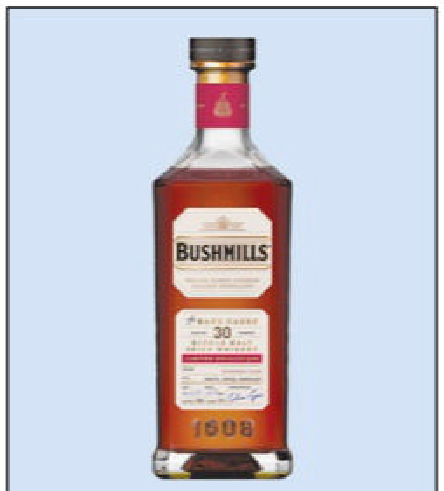
GLENDRONACH

GLENDRONACH
CASK STRENGTH BATCH 11

GLENTURRET
LALIQUE

THE GLENTURRET
PROWESS

ORPHAN BARREL MUCKETY-MUCK 26-YEAR-OLD



BUSHMILLS RARE CASK
30-YEAR-OLD SINGLE MALT

seasoned Sherry casks, lending the whiskey a reddish hue and representing the source of its name. Red Head is available in 22 states across the U.S. in limited quantities. Writers' Tears is imported by San Francisco-based Hotaling & Co. For more information, visit Walshwhiskey.com.

Dingle Single Malt

Imported by San Francisco-based *Hotaling & Co.*, Dingle Distillery, located in the eponymous city in County Kerry, Ireland, is launching its Dingle Single Malt whiskey in the U.S. The whiskey ($100 a 750-ml.) is the distillery's first core expression and is made from liquid matured in Bourbon and PX sherry casks for six to seven years. Dingle Single Malt is bottled at 46.3% abv for an initial run of 50,000 bottles, with Dingle aiming to double that by the end of this year. The new release is available in 15 markets as well as online. For more information, visit Dingledistillery.ie.

Fercullen Falls

Zamora Co. USA is adding Fercullen Irish Whiskey from the Powerscourt Estate to its portfolio. The flagship, 43% abv whiskey is Ferncullen Falls ($35 a 750-ml.), a new small-batch 50/50 blend of malt and grain whiskies with a high malt content highlighting the signature style of the Powerscourt Distillery. In addition to Fercullen Falls, Zamora Co. USA will also release Fercullen single malt, 15-year-old Irish whiskey, and a limited edition 21-year-old single malt. For more information, visit Powerscourtdistillery.com.

Pōkeno Origin and Pōkeno Discovery

San Francisco-based importer *ImpEx* has added Pōkeno, a whisky distilled in New Zealand, to its American portfolio, starting with two of the distiller's core expressions, as well as a U.S.-exclusive release, Double Bourbon Single Cask #21-415. The first core whisky—Pōkeno Origin ($70 a 750-ml.)—is matured in first-fill Bourbon casks while the second—Pōkeno Discovery ($75)—ages in a combination of Bourbon, Oloroso, and Pedro Ximénez casks. Both are bottled at 43% abv. Double Bourbon Single Cask #21-415 ($125) is a single cask offering bottled at 46% abv and, after first maturing in Bourbon casks, is finished for six months in a first-fill Bourbon barrel before bottling. For more information, visit Pokenowhisky.com.

Old Forester Extra Extra Old

Brown-Forman's Old Forester has released the latest expression in the brand's 117 Series, Old Forester Extra Extra Old. The 46.5% abv whiskey ($60 a 750-ml.) starts life as Old Forester 1910 Old Fine Whisky, which is then matured for an additional two years in heavily charred barrels. Old Forester Extra Extra Old is now available at the brand's distillery, through its online store, and in select retailers throughout Kentucky. For more information, visit Oldforester.com.

Bardstown Bourbon Co. Origin Series

Kentucky's *Bardstown Bourbon Co.* has announced the Origin Series, the first line of whiskies entirely distilled, barreled, and matured at the company's distillery from its own stocks. The series, consists of three whiskies, all six years old: Origin Kentucky Straight Bourbon whiskey ($45 a 750-ml.), Origin Bottled-in-Bond ($50), and Origin Kentucky Straight rye whiskey ($70). Origin Straight Bourbon and rye are bottled at 48% abv and the bonded whiskey is bottled at 50%. The whiskies are being distributed in 24 states, as well as at Bardstown's distillery store, and through select online retailers. In addition to the wider releases, a limited number of single barrels are available to purchase. For more information, visit Bardstownbourbon.com.

10 Year Anniversary Edition

Kirby, Wyoming-based *Wyoming Whiskey* is marking a decade of business with the release of its 10 Year Anniversary Edition Straight Bourbon Whiskey. It's a high-rye Bourbon ($200 a 750-ml.) made from 20 casks filled in November

DINGLE
DISTILLERY
SINGLE MALT

DINGLE
SINGLE MALT

PŌKENO
ORIGIN

PŌKENO
ORIGIN

OLD FORESTER

OLD FORESTER
EXTRA EXTRA OLD

ORIGIN KENTUCKY STRAIGHT
BOURBON WHISKEY

and December 2011, making it the most-aged product to be released by the distillery. It features a mashbill of 68% corn, 20% rye, and 12% malted barley, aged ten and a half years and bottled at 51.7% abv. It is available in-store in select U.S. markets including California, Colorado, Georgia, Maine, New York, and Wyoming. For more information, visit Wyomingwhiskey.com.

A. Smith Bowman Cask Strength Bourbon Batch #2

Fredericksburg, Virginia's *A. Smith Bowman* has announced Cask Strength Bourbon Batch #2. The whiskey ($100 a 750-ml.)—bottled at 72.25% abv—is aged for at least ten years and contains the last whiskeys distilled by A. Smith Bowman's former master distiller Joe Dangler. The second release in A. Smith Bowman's cask strength series, the whiskey is rolling out now to select markets across the U.S. For more information, visit Asmithbowman.com.

George Dickel 17-Year-Old Reserve

Diageo has announced the return of George Dickel 17-year-old Reserve, now bottled in full-sized 750-ml. bottles. The 46% abv whisky ($250) is made from Dickel's signature mash of 84% corn, 8% rye, and 8% malted barley, and was initially released in 2016 in 375-ml. bottles. The new edition is assembled from barrels selected by Cascade Hollow general manager and distiller Nicole Austin and is rolling out now in select markets across the U.S. For more information, visit Georgedickel.com.

Still Austin The Artist

Austin, Texas-based *Still Austin Whiskey Co.* has introduced The Artist, a new rye whiskey and permanent addition to the distillery's core lineup. The whiskey ($50 a 750-ml.) is aged for at least two years before bottling at 49.8% abv. The label for the whiskey was designed by Texan artist Marc Burckhardt. It joins The Musician Bourbon in Still Austin's core lineup. The Artist is now available in Texas, as well as through e-commerce platform ReserveBar. For more information, visit Stillaustin.com.

Chattanooga Experimental Single Batch Series: Batch 028 Cacao Infused

Chattanooga Whiskey is debuting the latest in its Experimental Single Batch Series: Batch 028 Cacao Infused. Made with Bourbon aged four years and nine months, the whiskey ($55 a 750-ml.) has been infused with roasted cacao nibs from Tanzania and Peru, vanilla beans, cassia cinnamon sticks, and cane sugar. It's at 43% abv and is available for purchase now at Chattanooga's Experimental Distillery and in limited quantities online. Chattanooga Whiskey distributes throughout the South and Midwest. For more information, visit Chattanoogawhiskey.com.

Goodwood Walnut Brown Ale Barrel Finish

Kentucky-based *Goodwood Brewing and Spirits* is releasing its fourth spirits offering, a Walnut Brown Bourbon. Finished in Goodwood's Walnut Brown Ale barrels, the 45% abv whiskey ($60 a 750-ml.) will be available through distribution and for purchase at Goodwood locations. Goodwood, which has a partnership with Green River Distilling in Owensboro, Kentucky, distributes to select retail stores throughout Alabama, Arizona, California, Florida, Kentucky, Louisiana, Indiana, Nevada, North Carolina, Ohio, Tennessee, and Washington. For more information, visit Goodwoodbrewing.com.

High West High Country American Single Malt

Utah-based High West, part of the *Constellation Brands* portfolio, is launching the annual limited-release whiskey High Country American Single Malt. The bottling ($80 a 750-ml.) is a blend of 100% copper pot-distilled whiskies ranging in age from two to eight years. It's distilled "on-the-grain" and matured in both freshly charred and second-use oak barrels, High Country American Single Malt is bottled at 44% abv. In tandem with the launch, High West is donating $50,000 to Protect Our Winters, a group dedicated to "advancing non-partisan policies to protect our outdoor playgrounds from climate

A. SMITH BOWMAN
CASK STRENGTH
A. SMITH BOWMAN CASK STRENGTH BOURBON BATCH #2

GEORGE DICKEL 17-YEAR-OLD RESERVE

STILL AUSTIN
STILL AUSTIN STRAIGHT RYE

CHATTANOOGA WHISKEY
EXPERIMENTAL BATCH 028 CACAO INFUSED

change." For more information, visit Highwest.com.

Ferrand Cognac 10 Générations Port Cask Year of the Rabbit

Maison Ferrand is rolling out a new limited edition Cognac, Ferrand Cognac 10 Générations Port Cask Year of the Rabbit. The 44% abv Cognac ($55 a 750-ml.) is distilled from Ugni Blanc grapes and, after its initial maturation, is finished in Port casks before bottling. There are 12,000 bottles of the new Cognac available in select retailers across the U.S. For more information, visit Maisonferrand.com.

Nonino Riserva Quintessenia

Friuli, Italy's Nonino, part of the Terlato portfolio in the U.S., has launched Nonino Riserva Quintessenia amaro. Composed of herbs, spices, fruit, berries and roots and enriched with aged Nonino grape distillate, the newcomer ($108 a 750-ml.) aged more than 24 months in oak barriques and small casks and is bottled at 35% abv. The new amaro is available nationwide. For more information, visit Grappanonino.it.

Dos Primos Añejo

Dos Primos Tequila is launching an Añejo expression. The40% abv Tequila ($55 a 750-ml.) is made from 100% blue agave and aged at least 13 months in ex-Bourbon barrels. It's launching in March in select U.S. markets. Dos Primos was founded in 2019 by country musician Thomas Rhett and his cousin Jeff Worn. For more information, visit Dosprimostequila.com.

Jose Cuervo Reserva de la Familia Extra Añejo 2023

Proximo Spirits has announced the 2023 special edition of Jose Cuervo Reserva de la Familia Extra Añejo. This year's special edition box ($185 a 750-ml.) shows a "geometric abstraction of the landscape of Tequila, Mexico," according to the company, featuring shapes and colors to represent the soil and the agave fields in layers on the box. The design was created by artists Rolando Flores and Gabriel Cázares of the Tercerunquinto Collective and is titled "Structuring a Landscape." The limited edition release is now available at select retailers across the U.S. For more information, visit Cuervo.com.

123 Organic Extra Añejo Diablito Rojo

123 Organic Tequila is debuting Extra Añejo Diablito Rojo, a limited edition one-off release from the brand. The 40% abv Tequila ($695 a 750-ml.) is made from estate-grown agave and aged for seven years in French oak before finishing in other French oak barrels that previously held Napa Cabernet Sauvignon. Only 2,000 bottles of Diablito Rojo will be released. For more information, visit 123tequila.com.

Bombay Sapphire Premier Cru Murcian Lemon

Bombay Sapphire has announced its latest expression, Bombay Sapphire Premier Cru Murcian Lemon. The new gin ($40 a 750-ml.), which features 100% sustainably sourced botanicals, highlights murcian fino lemons and other citrus flavors. Intended to be used by at-home mixologists in cocktails, the 47% abv Bombay Sapphire Premier Cru Murcian Lemon is now available across the U.S. and on ReserveBar. For more information, visit Bombaysapphire.com.

Barr Hill Tom Cat Kingdom Strength

Montpelier, Vermont's Barr Hill—part of *Caledonia Spirits*—has announced Tom Cat Kingdom Strength, a new high-proof gin and the first expression in the company's Distillery Selection series. The 56.5% abv gin ($60 a 750-ml.) is made with raw honey sourced from Vermont and is matured in oak barrels, creating a spirit that balances juniper with sweeter, barrel-aged notes. The release joins Barr Hill's portfolio alongside Barr Hill gin, Barr Hill Reserve Tom Cat gin, and Barr Hill vodka, and is now available for sale at the company's distillery. For more information, visit Caledoniaspirits.com.

Feather & Folly

The Monson family, which operates Benton City, Washington-based Goose Ridge Estate Vineyards and Winery, is

FERRAND COGNAC 10 GÉNÉRATIONS

DOS PRIMOS AÑEJO

123 ORGANIC EXTRA AÑEJO DIABLITO ROJO

BOMBAY SAPPHIRE PREMIER CRU MURCIAN LEMON launching *Feather & Folly* with its Copper Pot Distilled Premium Gin. The new product ($35 a 750-ml.) is distilled from Goose Ridge Estate Cabernet Sauvignon grapes grown in the Goose Gap AVA and infused with local juniper berries, along with other botanicals including Middle Eastern black lime, and bottled at 43.5% abv. Feather & Folly is launching in Washington, California, and Alaska, as well as online, before expanding nationally. In addition to Goose Ridge wines, the Monson family also produces Vido Vodka, which launched in 2020. For more information, visit Drinkfeatherandfolly.com.

Hiro Saketini

Hiro Sake is launching Hiro Saketini, the brand's first RTD canned saketini cocktail. Hiro Saketini ($13 a 4-pack of 12-ounce cans) comes in at 5% abv and is debuting with Black Cherry and Watermelon flavors in Florida at on-premise accounts initially, with the off-premise market to follow. Distribution and additional flavors will expand across the U.S. this year. Hiro Sake is present across 20 U.S. markets. For more information, visit Hirosake.com.

Martha's Lighter Chard

Treasury Wine Estates' 19 Crimes brand has entered the lower calorie, lower alcohol wine market with Martha's Lighter Chard, the latest collaboration between the brand and Martha Stewart. The wine ($15 a 750-ml.) is made using grapes from California and comes in at 8.5% abv with 80 calories per serving. Martha's Lighter Chard is now available across the U.S. For more information, visit 19crimes.com.

DeLalisse Champère

Boisset Collection has announced the release of DeLalisse Champère, a sparkling wine featured in Netflix's hit comedy-drama series, "Emily in Paris." Champère ($25 a 750-ml.) was created in partnership with Shop the Scenes, billed as the first-to-market in large-scale shoppable TV. Shop the Scenes allows fans to shop and explore products associated with their favorite shows and movies. DeLalisse Champére French sparkling wine is available to purchase by the bottle; as a two-bottle gift box ($50); and as a Watch Party Kit ($50), which includes one bottle of wine, two Govino wine flutes, and a Champère branded bottle stopper. It is available nationwide. For more information, visit Champeresparkling.com.

Perl

Paso Robles, California's *Booker Vineyard* has launched Perl, a new Rhone-style blend. The wine ($75 a 750-ml.) is blended from 91% Syrah and 9% Grenache sourced from Booker's vineyards in the Willow Creek District, as well as from the winery's Catapult and Moonsprings vineyards. The chosen lots were fermented in stainless steel and matured in 50% new French oak before final blending. Perl is now available in select locations across the U.S. For more information, visit Bookerwines.com.

Simi Brightful Chardonnay

Constellation-owned Simi is launching its first low-calorie and low-alcohol wine, Brightful Chardonnay. At 80 calories per serving, the newcomer ($15 a 750-ml.) is bottled at 9% abv and is rolling out nationally to retailers as well as on Drizly and Instacart. For more information, visit Simiwinery.com.

Taylor Fladgate VVOP Tawny

Taylor Fladgate is launching one of its oldest wines to date with VVOP Tawny, the latest in a series of rare Ports. With 3,000 bottles available globally, Very Very Old Tawny Port ($1,150 a 750-ml.) is a blend of rare Taylor Fladgate wines, some dating to before World War II. It's available globally now. For more information, visit Taylor.pt.

Cline Sonoma AVA Series

Sonoma, California-based *Cline Family Cellars* is launching a Sonoma AVA Series. The new collection consists of four varietal wines sourced from various appellations within Sonoma County. The first is Hat Strap Chardonnay ($25 a 750-ml.), which comes from the Cline

FEATHER
& FOLLY
GIN

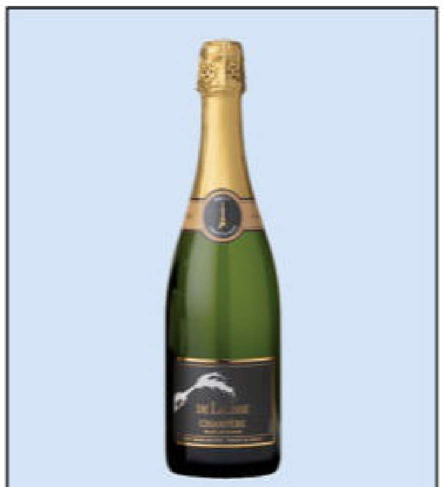
FEATHER & FOLLY COPPER POT DISTILLED PREMIUM GIN

Hiro
SAKETINI
Black Cherry

HIRO SAKETINI BLACK CHERRY

19 Crimes
MARTHA'S
LIGHTER
CHARD

19 CRIMES MARTHA'S LIGHTER CHARD



DELALISSE CHAMPÈRE

family's J. Poppe vineyard in Carneros. Next is Fog Swept Pinot Noir ($30), sourced from two Cline vineyards in the Sonoma Coast AVA near Petaluma. Eight Spur Zinfandel ($25) comes from Dry Creek Valley, and Rock Carved Cabernet Sauvignon ($30) is sourced from two vineyards in the Alexander Valley, one on the valley floor and another from the surrounding slopes to the south. Cline's Sonoma AVA Series is distributed nationally. For more information, visit Clinecellars.com.

Raeburn Barrel Select Russian River Valley Chardonnay

Purple Brands' Raeburn Winery has launched a new Barrel Select Russian River Valley Chardonnay, with the first release coming from the 2020 vintage. The wine ($30 a 750-ml.), is sourced from select vineyards in the Russian River Valley and spends a year aging in a combination of French, American, and Hungarian oak before bottling. The new wine has launched exclusively in BevMo! stores in California and Georgia and is available now. For more information, visit Raeburnwinery.com.

Délure Zero

Boston's *Latitude Beverage* has entered the non-alcoholic wine market with Délure Zero, a new offering from the French low-alcohol brand. Déluré Zero ($15 a 750-ml.) is a sparkling rosé made with Grenache grapes sourced from the South of France with the alcohol removed from the fully vinted wine. Each 8-ounce serving has 35 calories and the wine is now available in select markets across the country. For more information, visit Delurewine.com.

Don Melchor 2020

Chile's *Don Melchor* has launched its latest release, Don Melchor 2020. From the Alto Maipo Valley, the wine ($150 a 750-ml.) is a blend of Cabernet Sauvignon, Cabernet Franc, Merlot, and Petit Verdot and comes in at 14.6% abv. It is now available nationwide. For more information, visit Donmelchor.com.

Grandeur Wines

Monterey, California-based *Scheid Family Wines* announced the national debut of new label Grandeur Wines. Grandeur Wines is launching with a Red Blend ($23 a 750-ml.) and a Rosé ($20). The former, a 2021 vintage, is a blend of the two aforementioned varietals and aged for ten months, and the latter is 100% Petite Sirah. Grandeur releases will be available at select retailers nationwide including Whole Foods and Total Wine. For more information, visit Grandeurwines.com.

Sierra Nevada Juicy Little Thing IPA

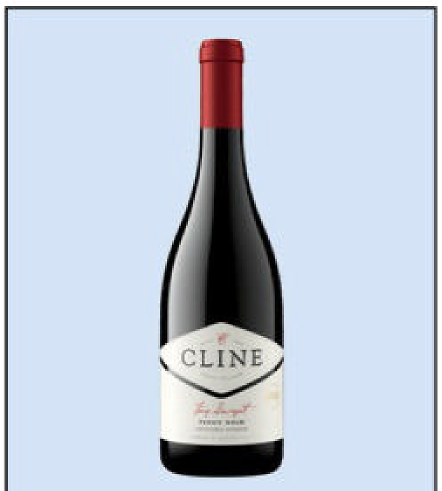
Sierra Nevada Brewing Co. has announced a new series of Hazy IPAs to be released throughout the year, kicking off the line with Juicy Little Thing IPA. The 6.5% abv ale ($13 a 6-pack of 12-ounce cans) is brewed with Sterling, Citra, El Dorado, and Mosaic hops, and a specially developed yeast strain. The new IPA will be available through April, when the next hazy ale in the series comes to market. Juicy Little Thing IPA is available across the U.S. For more information, visit Sierranevada.com.

Tröegs Double Blizzard

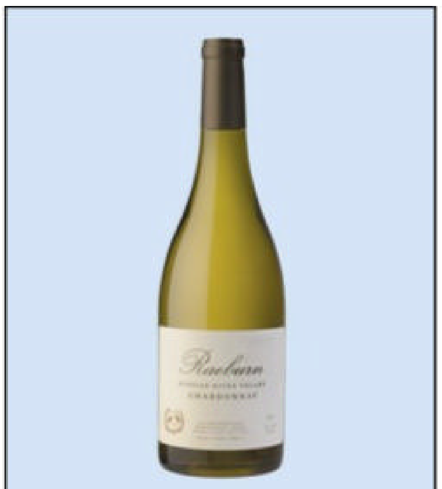
Pennsylvania-based *Tröegs Independent Brewing* has announced the release of Double Blizzard, billed as an amplification of its winter IPA Blizzard of Hops. Weighing in at 8.3% abv, Double Blizzard ($15 a 4-pack of 16-ounce cans) is a semi-hazy double IPA made with Centennial, Chinook and El Dorado hops and dry-hopped with four pounds per barrel of Chinook and Galaxy. A limited release for the winter season, Double Blizzard is available across Tröegs' footprint. For more information, visit Troegs.com.

Stone Delicious IPA Variety Pack

Escondido, California's *Stone Brewing* has launched a new variety 6-pack, showcasing Stone Delicious IPA as well as two new Delicious offshoots. The pack ($12 a 6-pack of 12-ounce cans) features two bottles of the original Delicious IPA, a 7.7% abv ale; the new Stone Delicious Double IPA, a 9.4% abv double IPA; and Stone Delicious Citrus IPA, a 7.7% ale brewed with



CLINE FOG SWEPT PINOT NOIR



RAEBURN RUSSIAN RIVER VALLEY CHARDONNAY

DON MELCHOR 2020

SIERRA NEVADA JUICY LITTLE THING IPA

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SingleThread Farms in California, a Grand Award winner since 2021. Photo by Alanna Hale

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>
> **—Daniel Grajewski**
> Senior Director of Wine & Beverage, José Andrés Group
> Holder of 13 Wine Spectator Restaurant Awards

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Talus hops and added orange peel. All three beers are gluten reduced and have fewer than 20 parts per million of gluten. The new variety pack is now available across the U.S. For more information, visit Stonebrewing.com.

Labatt Blue Light Non-Alc Strawberry Açai

Canadian beer brand *Labatt* is launching Labatt Blue Light Non-Alc Strawberry Açai. At less than 0.5% abv, the new release ($7 a 6-pack of 12-ounce cans) is targeted at Millennials and of-age Gen Z'ers, who are driving interest in non-alcoholic options. Labatt Blue Light Non-Alc Strawberry Açai is available now in New York and Michigan, with rollout to Pennsylvania, Ohio, and Vermont planned. For more information, visit Labattusa.com.

Dog Beach Double IPA

San Diego-based breweries *Second Chance Beer Co.* and *Coronado Brewing Co.* are releasing the new collaborative effort Dog Beach Double IPA. The limited release ($18 a 4-pack of 16-ounce cans) was brewed at Second Chance's Carmel Mountain headquarters and is at 8% abv. It is made with Mosaic, Strata, and Talus hops. Dog Beach Double IPA is available now in cans at independent craft beer bottleshops throughout San Diego County, as well as at Second Chance's Carmel Mountain and North Park locations and on draft at Coronado's taprooms in Bay Park, Coronado, and Imperial Beach. For more information, visit Secondchancebeer.com.

Nado Japanese Lager and Surf Break Series

Coronado Brewing Co. has also announced several new additions to its lineup. The first is Nado Japanese Lager ($16 a 6-pack of 12-ounce cans), which joins the core portfolio. It's brewed with jasmine rice at 4.5% abv. Following the strong reception to the brewery's Salty Crew Blonde Ale, first launched in 2020, it will be available in 19-ounce cans in convenience stores and at venues like stadiums and arenas. The brewery has also launched Coronado's Surf Break Series ($16 a 4-pack of 16-ounce cans), a seasonal rotation of small-batch hazy IPAs. It begins with Rocky Point (available January through April), followed by Cloudbreak (May through August), and will conclude with Fossil Beach (September through December). The new beers will be available throughout Coronado's distribution footprint. For more information, visit Coronadobrewing.com.

Repo Man Stout

Chicago's *Revolution Brewing* has released a new seasonal beer. The new offering—Repo Man Stout ($11 a 6-pack of 12-ounce cans—was originally brewed in 2010 and makes its return as the brewery's newest winter seasonal. The beer is 4.5% abv and made with real fruit and sugar. Revolution has also released Infinity Hero ($13), the first addition to the brewery's Hero IPA lineup since 2019. The beers are currently available throughout Revolution's distribution footprint. For more information, visit Revbrew.com.

Imperial Gold Cider

Austin, Texas-based *Austin Eastciders* is launching Imperial Gold Cider. The new introduction ($13 a 4-pack of 12-ounce cans) to the cidery's lineup is at 8.3% and marks the first installment in an Imperial Cider line that will continue next year. Imperial Gold is a spin on the company's Original Dry cider, featuring the same apple blend that includes selections from Normandy and Brittany and the Pacific Northwest. Imperial Gold is available now in Texas, New York, and the greater Washington D.C. metro area. For more information, visit Austineastciders.com.

Lemon Drop Cider

Clackamas, Oregon-based *Portland Cider Co.* is launching a limited-run Lemon Drop Cider. It's made with Meyer lemons alongside cider-steeped elderflower in addition to apples for a tart but not sour taste. Lemon Drop Cider ($5 a 19.2-ounce can) is now available at Portland Cider's three locations and at retail throughout Washington and Oregon. For more information, visit Portlandcider.com.

The Editors

Labatt
Blue
LIGHT
NON-ALC
STRAWBERRY ACAI

LABATT BLUE LIGHT NON-ALC STRAWBERRY AÇAI

CORONADO BREWING CO.
NADO
JAPANESE LAGER
SUPER DRY
4.5% ALC./VOL.
12 FL. OZ

CORONADO BREWING CO. NADO JAPANESE LAGER

REVOLUTION BREWING REPO MAN STOUT

REFRESHINGLY
Austin
EASTCIDERS
Gold
IMPERIAL
CIDER
8.3% ABV

AUSTIN EASTCIDERS GOLD IMPERIAL CIDER

Hometown Hero

Brad Jennings honors the South at North of Bourbon in Louisville, Kentucky

Brad Jennings is passionate about his home state of Kentucky. The Louisville native fell in love with the local hospitality scene in the early 2000s when he began his bartending career in the city. Soon he was dreaming of opening his own bar to celebrate the South—and the opportunity arose in 2020. “Right before the Covid-19 pandemic, I was preparing to start a new job running a bar program for a new concept in Louisville—this was obviously put on pause,” Jennings says. “For years, my brother Eric and I, plus our friends Daniel and Stacy Holyfield, had talked about opening our own concept, and that finally came together.” Their bar and restaurant North of Bourbon—located right near where Jennings was raised—opened its doors on New Year’s Eve 2021.

Brad Jennings, with his brother and friends, opened North of Bourbon to showcase his hometown of Louisville, Kentucky.

“We opened North of Bourbon to give a true representation of the Deep South in an elevated fashion here in Louisville,” Jennings notes. His primary role is to oversee the beverage program, including more than two dozen seasonally rotating craft cocktails, an ever-changing list of over 300 Bourbons, all local Louisville beers on tap—with the exception of one tap dedicated to Abita Root Beer—and an Old World wine list curated to introduce guests to varietals and blends outside of the usual suspects. “From the beginning, before we were even open, every detail has been thought of with intent,” Jennings notes. “Everything that we can make in house, we do, and we routinely highlight Southern ingredients in our cocktails to bring them to the forefront of the conversation, educating ourselves and our guests on these pieces of Southern history.”

On the cocktail list (drinks are $8-$13), Bourbon is front and center, naturally, in such house originals as Jennings’ Shelby Drink Your Juice ($13), comprising Old Forester 100 Proof Bourbon, house-made passion fruit syrup, fresh lemon and orange juices, and Ale-8-One soda. The bar also offers Old Fashioned variations like the Get Buttered ($13), featuring brown butter-washed Wild Turkey 101 Bourbon, demerara syrup, Woodford Reserve Spiced Cherry bitters, and Fee Brothers Orange bitters. “I’m really proud of the level of care and attention we give to everything, from hospitality and service to drinks and food to ambiance. No stone is left unturned; it’s all important,” Jennings adds. “It creates a really cool vibe and experience for guests, whether they’re local or visitors, and allows for a product we can all take pride in as a team.”

Sally Kral

Brad Jennings’ Recipes

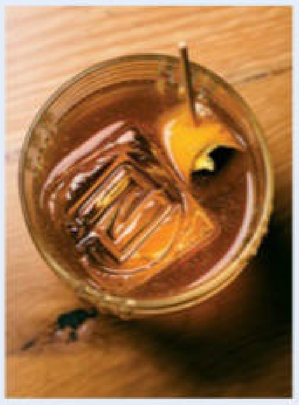
SHELBY DRINK YOUR JUICE

INGREDIENTS:

2 ounces Old Forester 100 Proof Bourbon;
1 ounce fresh lemon juice, strained;
¾ ounce fresh orange juice, strained;
¾ ounce passion fruit syrup[1];
2 ounces Ale-8-One soda;
Dehydrated lime wheel.

RECIPE:

In an ice-filled cocktail shaker, combine Bourbon, juices, and syrup. Strain into a Collins glass, then fill with ice. Top with soda and garnish with a dehydrated lime wheel.



GET BUTTERED

INGREDIENTS:

2 ounces brown butter-washed Wild Turkey 101 Bourbon[2];
⅓ ounce demerara syrup;
2 dashes Woodford Reserve Spiced Cherry bitters;
2 dashes Fee Brothers Orange bitters;
Luxardo maraschino cherry;
Orange swath.

RECIPE:

In a mixing beaker, combine Bourbon, syrup, and bitters. Add ice and stir for 12-15 seconds, until the outside of the beaker frosts. Julep strain into a rocks glass over a large ice cube and garnish with an orange swath-wrapped maraschino cherry.

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[1] Combine 2 parts fresh or store bought passion fruit purée with 1 part granulated white sugar.

[2] Combine ½ cup unsalted butter and 750-ml. Bourbon in a container and let sit for 4 hours, agitating every 20-30 minutes. Freeze overnight. Strain the following day, after a minimum of 15 hours.

The Acquirer

Foley Family Wines has been built through acquisitions—and a focus on premiumization

BY CAROL WARD AND LAURA PELNER

There are many family businesses in the wine world, but few are like Foley Family Wines. It all started when Bill Foley and his wife, Carol, bought a property in Santa Barbara County, California in 1996. Less than two decades later, this once-modest bit of dabbling in wine has become a company with more than 20 prestige wineries and vineyard properties, including well-known labels like Chalk Hill Estate, Chalone, Silverado, Sebastiani, and Ferrari-Carano, as well as properties in the Pacific Northwest and New Zealand. The years have been marked by a whirlwind of wine deals.

"I'm known as a serial acquirer," says Foley, adding that he's been fortunate to purchase wineries and vineyards staffed with excellent people. The results appear to support such praise: According to Impact Databank, the majority of Foley Family Wines' leading brands posted notable increases in 2022. Ferrari-Carano, which was purchased by Foley in 2020, now makes up more than a quarter of the company's total volume, boasting gains of 8.3% last year to reach 464,000 9-liter cases. At No. 2, Chalk Hill advanced 31% to 183,000 cases. Six other leading Foley brands—Sebastiani, Banshee, Rickshaw, The Four Graces, Silverado, and Firestone—also posted double-digit gains in 2022. In fact, only one brand among Foley's 12 largest-selling wines, Chateau St. Jean, was estimated to have declined last year, according to Impact Databank. Foley has also shown a willingness to invest in improving these properties—and that has been a big factor in the company's success.

Carol and Bill Foley (pictured) began Foley Family Wines in 1996 by purchasing vineyards in Santa Barbara, California. Now more than two decades later, Foley Family Wines encompasses wineries across California and the Pacific Northwest, as well as in New Zealand.

"Chalk Hill was a fantastic acquisition," Foley says, highlighting the winery's estate, vineyards, and tasting room, which Foley rebuilt when he bought the brand in 2010. "We improved everything—we rebuilt the tasting room and the winery itself, and we replanted everything on the property. The wines speak for themselves." Similarly, Foley is equally proud of the Ferrari-Carano acquisition—as it's now the company's largest wine brand—and his recent purchases of Sonoma's Chateau St. Jean and Napa's Silverado Vineyards, which both joined the Foley fold within the last 14 months.

Company president Shawn Schiffer adds that Foley Family Wines will likely continue its acquisition streak. "Our founder built the company via acquisitions, and we continue to evaluate acquisition

PHOTO BY (LEFT) JOHN BONICK; (OPPOSITE) IAN SHIVE

Ferrari-Carano (estate pictured) became Foley Family Wines' largest brand after its acquisition in June 2020. Last year, the brand depleted more than 460,000 cases.

Chalk Hill (vineyards pictured; Chardonnay inset) became part of the Foley portfolio in 2010, and the brand has since skyrocketed, reaching 181,000 cases in 2022, according to Impact Databank. Chalk Hill has become the company's second-largest wine brand.

opportunities that make sense,” Schiffer says. “Assimilating three major acquisitions into our portfolio in the space of two years has given our team the confidence that we can evaluate and execute these opportunities.”

Expanding The Portfolio

While some companies retrenched during the Covid-19 pandemic, Foley adopted the opposite strategy. The company's most recent acquisition tear started in June 2020, when Foley bought Ferrari-Carano in Sonoma County, adding major volume to his business in a portfolio of wines priced at $15 or higher a 750-ml. Six months later, the company acquired Kenwood, California-based Chateau St. Jean. Most recently, in July 2022, it acquired Silverado Vineyards, a leading producer of luxury wines from estate vineyards across four Napa Valley appellations.

Those three purchases brought Foley Family Wines' volume up to nearly 1.9 million cases in 2022, according to Impact Databank estimates, bringing the company closer to Foley's stated goal of reaching 2 million cases. More importantly, the acquisitions further cement Foley Family Wines in the super-premium and luxury wine space. “We're in premiumization mode now, and have moved away from some of the less expensive wines we were formerly involved with,” Foley explains. “At this point, more than 90% of our wines sell for more than $15 a bottle. Some are sold for $300 a bottle or more.”

Even in an uncertain economy, Schiffer adds the company's positioning in the super-premium wine space is in line with

PHOTO BY (TOP) ALEXANDER RUBIN PHOTOGRAPHY

what consumers want. "From a price point perspective, wines priced above $11, and even above $15 and higher, are still doing pretty well," he says. "Our portfolio in the higher price points has kept us pretty insulated from some of the impacts of the economic downturn."

Starting In Santa Barbara

Bill and Carol Foley launched Foley Family Wines in 1996 when they purchased 1,000 acres in the then-relatively unknown Sta. Rita Hills region in Santa Barbara County, California. They launched Lincourt Vineyards—named for their two daughters, Lindsey and Courtney—early on and focused on producing Chardonnay and Pinot Noir. Two years later, in 1998, the company added Foley Estates in Sta. Rita Hills, which also emphasized Chardonnay and Pinot Noir.

For nearly a decade after that, the Foleys focused entirely on those two brands. But in 2007 the acquisitions began in earnest, as did the company's geographic expansion. That year, Foley Family Wines purchased Firestone Vineyard in the Santa Ynez Valley and Merus in Napa Valley. In subsequent years it added Sebastiani Vineyards & Winery, Chalk Hill Estate, and Banshee in Sonoma County; Chalone Vineyard in Monterey; Acrobat in Oregon; and Three Rivers Winery in Washington, among several others in California and the Pacific Northwest. The company has also branched out overseas, and now owns and imports several labels from New Zealand. All told, the company's portfolio spans 28 wineries. In addition, Foley Family Wines is the importer and marketing agent for Lucien Albrecht from France and Nieto Senetiner from Argentina.

"We started out with Lincourt and Foley Estates, and I realized we would never get attention being that small," Foley recalls. "So we acquired Firestone in Santa Barbara County and I thought, 'Okay, now we've got it. We'll be important to distributors and they'll pay attention to us.' But actually, we

FOLEY FAMILY WINES AT A GLANCE

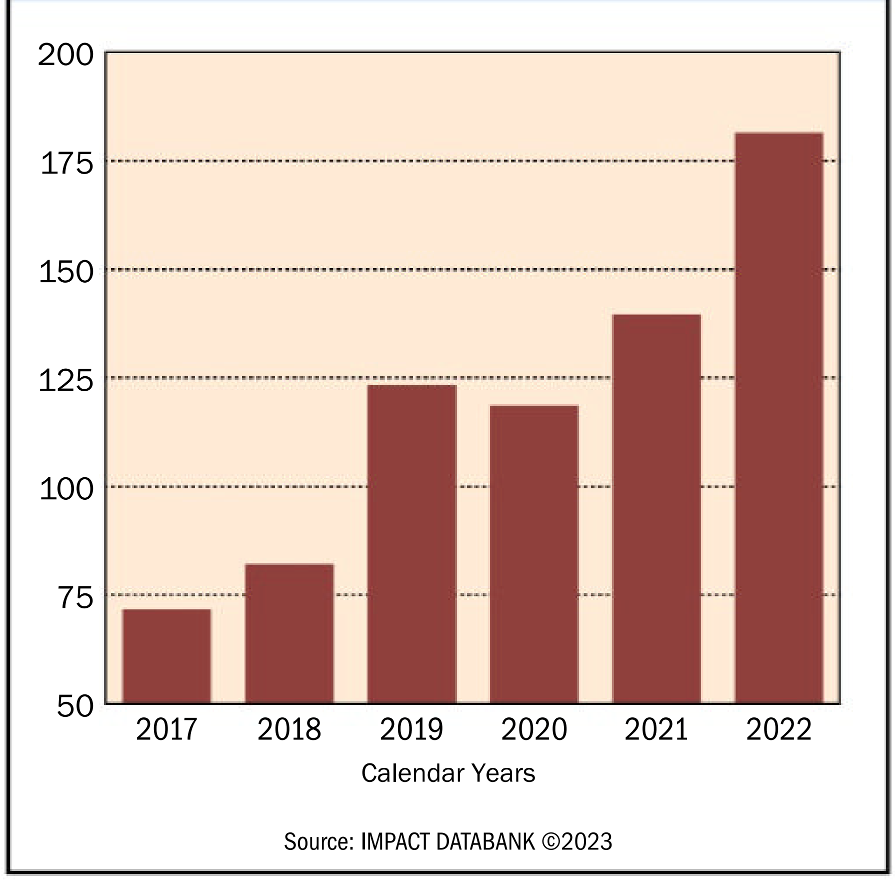
Founded	1996
Key Family Members	Founder and owner Bill Foley; second generation vintner Courtney Foley; chief strategy officer Robert Foley; president of Foley Family Charitable Foundation Lindsey Foley. Bill's wife, Carol, is still actively involved and often advises the family on business decisions.
Key Executives	Founder and owner Bill Foley; president Shawn Schiffer; second generation vintner Courtney Foley; senior vice president of consumer direct and tasting rooms Liz Lease-McCaffrey; COO Marty Peterson; CFO JR Velazquez; chief of staff Shaun Harder; vice president of winemaking Sarah Quider.
Headquarters	Santa Rosa, California
Number of Employees	Approximately 500
Annual Case Volume	1.86 million cases
Annual Revenue	Undisclosed
Website	Foleyfamilywines.com
Future Plans	The company plans to continue in acquisition and expansion mode. Foley says he hopes to do more in Oregon, specifically with Pinot Grigio and Pinot Noir, while also exploring new projects in Monterey County and Napa Valley, California. Additionally, Foley says his company is working on a spirits project and has plans to introduce two spirits offerings this year.

LEFT TO RIGHT: Key team members for Foley Family Wines include senior vice president of consumer direct and tasting rooms Liz Lease-McCaffrey, second-generation vintner Courtney Foley, and president Shawn Schiffer. With 28 wineries in total, Foley Family Wines employs roughly 500 people.

PHOTO BY LIZA GERSHMAN

still weren't big enough. So I transitioned and we came to Northern California and invested in Sonoma and Napa."

On his geographic expansion outside California, Foley says there was always a strategy. "We started buying wineries in Oregon and Washington, and we have a series of wineries in New Zealand in every appellation that matters," Foley says.



CHALK HILL—2017-2022
(thousands of 9-liter case depletions)

Source: IMPACT DATABANK ©2023

Indeed, his New Zealand wine holdings are significant and are primarily focused on Sauvignon Blanc, Pinot Grigio, and Pinot Noir from the country. "When I was buying these properties, some people said, 'Oh, he's just buying this or that just to buy it.' But there was always a plan."

Going forward, Schiffer says the company is always looking for acquisitions. "The economic situation is going to put pressure on some producers who may have been holding on or moderately stable with a decent economy," he says. "Now into year three, between the pandemic and other geopolitical issues that have hurt the economy, maybe some of these folks will decide that 2023 is the right time to exit their business." This would benefit Foley, the acquirer.

Any new acquisition will likely be on the west coast, Schiffer adds, so the company can leverage current assets. He notes that Foley Family Wines assesses opportunities on three fronts—how a potential wine will fit into the existing portfolio or add a new category or varietal into the business, how it would help the company from an operations and production standpoint, and how its facilities can relate to consumers. For the last point, Schiffer stresses that Foley Family Wines prefers properties that have a tasting room to attract visitors, and also likes wineries with their own wine club and direct-to-consumer elements to draw prospective buyers in.

Top of mind is expansion of the company's play in sparkling wines. "We've launched a sparkler under the Banshee brand, which is doing very nicely for us, but we want to try to make a bigger play in that space," Schiffer adds. "We're looking at whether we develop that capacity organically, or we go out and buy it, or we co-pack with a sparkling producer." The

FOLEY FAMILY WINES—LEADING BRANDS
(thousands of 9-liter cases)

Brand	Origin	2019	2020	2021	2022	Percent Change* 2021-2022
Ferrari-Carano	California	436	410	428	464	8.3%
Chalk Hill	California	123	119	140	183	31.2
Acrobat	Oregon	165	165	153	158	2.8
Chateau St. Jean	California	402	329	204	147	-27.9
Sebastiani	California	132	128	85	128	50.5
Banshee	California	46	57	82	115	40.2
Rickshaw	California	40	40	56	73	29.9
Guenoc 1888	California	131	83	57	58	2.2
The Four Graces	Oregon	52	60	42	54	28.3
Silverado	California	37	39	39	54	38.2
Firestone	California	36	35	31	47	50.4
Roth	California	40	36	37	39	5.4
Total Foley Family Wines		**1,720**	**1,554**	**1,727**	**1,862**	**7.8%**

*Based on unrounded data

Source: IMPACT DATABANK ©2023

prospect of a new sparkling wine from one of Foley Family Wines' prestige producers, like Chalk Hill or Ferrari-Carano, would provide a big boost to Foley's business, he notes.

Interacting With Consumers

Experiential opportunities are a crucial part of Foley Family Wines. The company has invested heavily in its tasting rooms and winery experiences, and while Schiffer notes a downturn in overall tasting room traffic in recent months, he adds that visitor counts at the company's higher-end properties remain strong. "We've had some cooler weather in Northern California and some rain, and I think uncertainty about the economy has cut down on traffic," he says. "Ironically, some of our higher-tier guest experiences still do extremely well—we have a brunch at Ferrari-Carano that sells out every weekend. There is demand from that level of consumer."

On-premise, Schiffer says sales are booming again, and Foley's brands are benefiting from strong name recognition. He notes that the same phenomenon happened off-premise during the height of the pandemic, when consumers pulled back spending and chose to stay with brands they trusted. "In the on-premise, that's happened to a degree with wine lists and by-the-glass programs," Schiffer adds.

The direct-to-consumer channel has also been garnering interest for Foley Family brands, and this includes not only e-commerce sales but also sales through the company's wine clubs and programs that piggyback onto other Foley-owned business ventures. The Foley Food & Wine Society offers programming geared toward higher-end consumers across a range of platforms and has been well received. People who join the society get access to Foley wines and invites to exclusive wine events, tastings, and culinary programs, but they can also gain access to Foley's other holdings across hospitality and

Bill Foley has branched out into hospitality and entertainment, and serves as chairman, CEO, and governor of the NHL's Vegas Golden Knights (pictured). He connects these industries with his wine business through the Foley Food & Wine Society loyalty program.

FOLEY FAMILY WINES: KEY WINERIES

California Central Coast
Chalone Vineyard
El Pino Club
EOS
Firestone Vineyard
Foley Estates
Lincourt Vineyards

Napa Valley
Foley Johnson
Kuleto Estate
Merus

Sonoma Valley
Banshee
Chalk Hill Estate
Chateau St. Jean
Ferrari-Carano
Foley Sonoma
Lancaster
Rickshaw
Roth Estate
Sebastiani Vineyards & Winery

Pacific Northwest
Acrobat
Headturner Wine Co.
The Four Graces
Three Rivers Winery

New Zealand
Clifford Bay
Dashwood
Grove Mill
Roaring Meg
Mt. Difficulty
Vavasour

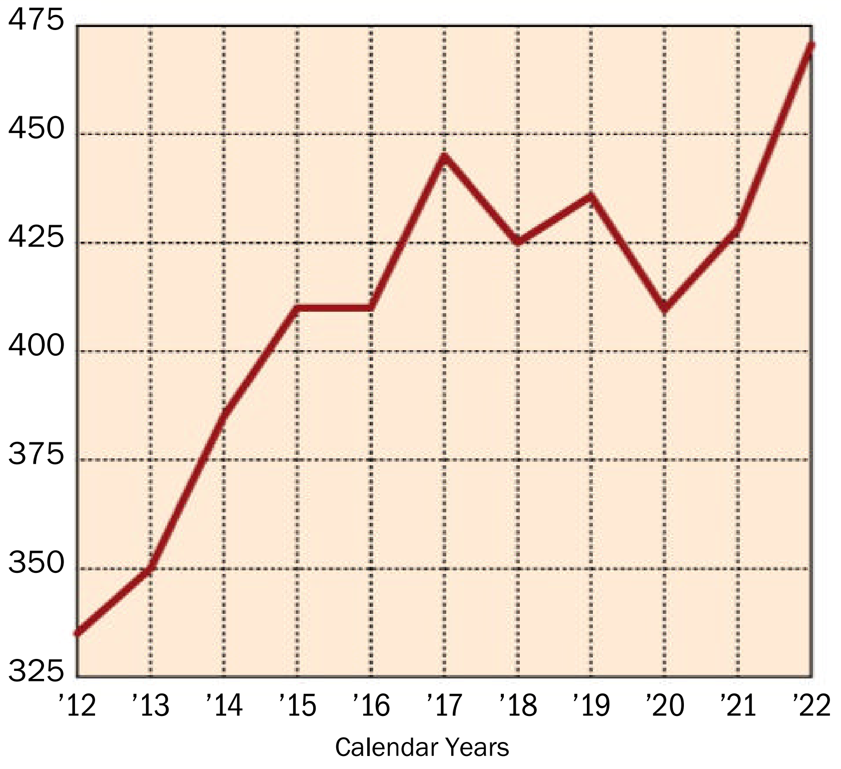
France
Lucien Albrecht*

Argentina
Nieto Senetiner*

**Foley is the importer and marketing agent for these wineries but does not own the brands or the vineyards.*

FERRARI CARANO—2012-2022

(thousands of 9-liter cases)



Source: IMPACT DATABANK ©2023

resort properties, private golf clubs, and professional sports and entertainment experiences.

"The Foley Food & Wine Society is our loyalty program, but it's much more than that," says Liz Lease-McCaffrey, senior vice president of consumer direct and tasting rooms at Foley Family Wines. "It was established by the Foley family to celebrate life's great experiences: wine, food, sports, and the community of sharing those passions."

Foley created Foley Entertainment Group in 2021 to manage his lifestyle and entertainment holdings. Today, through that business, Foley owns the Hotel Californian and its Blackbird restaurant in Santa Barbara, California; the Hotel Les Mars and its Chalkboard restaurant in Healdsburg, California; the ski destination Whitefish Mountain Resort in Whitefish, Montana; and the Black Walnut Inn & Vineyard in Dundee, Oregon. In addition, he's chairman, CEO, and governor of the National Hockey League's Las Vegas Golden Knights team and he recently bought the English Premier League soccer team the AFC Bournemouth Cherries. Foley also has ownership stakes in the Henderson Silver Knights—a team in the American Hockey League development program—and the Indoor Football League's Vegas Knight Hawks. All of those sports ventures fall under the Foley Entertainment Group umbrella, too. Beyond this, Foley is executive chairman of the board of directors for Fidelity National Financial and vice chairman of the board of directors for Fidelity National Information Services.

"Over the last ten years or so, I've transitioned from being involved with public companies to focusing on our families' private investments," Foley says. "That's anchored by our wine business, but also other hospitality assets, such as hotels, restaurants, and professional sports teams."

PHOTO BY JOE BUGLEWICZ

Foley adds that his various business holdings across wine, hospitality, and sports all complement each other. "It gives us a chance to cross-market, cross-promote, and tie it all together with our Foley Food & Wine Society loyalty program," he explains. "The goal is for people to earn points when they buy wine, and then use those points to stay at a hotel, attend a hockey game, buy more wine, or enjoy other exclusive experiences. I don't see anyone else in the industry right now that ties hospitality assets with their wine business the way we do."

He adds that there's an inner circle of season ticket holders to his sports teams' games who also buy a substantial amount of Foley Family wines, and that selective group is invited to Foley wineries and hospitality properties throughout the year. "We're still building the Foley Food & Wine Society, but if we can tie everything together successfully, we have a successful business," Foley says.

Family Affair

Between his myriad wine holdings and his ventures beyond the beverage industry, Foley is a busy man. A graduate of the U.S. Military Academy at West Point and a former captain in the Air Force, Foley says there's still a lot he wants to accomplish and he has no plans to slow down. "I'm still very involved as the owner and, of course, in our acquisitions," Foley says of his Foley Family Wines business. "If you buy the right properties and hire the right people and let them make wine in the style you want, then you can make really great wine. And that's what we've done in all the properties we've acquired. I want the company to keep getting better, more than simply getting bigger. My goal is to leave a legacy for my family."

Family is important to Foley, and he has three children currently involved in Foley Family Wines. His daughter Courtney is a second-generation vintner for the company, having previously worked in sales, production, winemaking, and distribution. Currently she focuses on ensuring that the company's sustainability efforts, philanthropy, and production quality, as well as her family's overall vision, are met, and she also works on communications and the loyalty program. Courtney is sliding into a primary leadership role in the company, noting that she's involved in a little bit of everything every day. "My family spends a lot of time together, and we spend a good chunk of our time discussing work, how to add value to our portfolio, and how to share that value with employees and consumers of our business," she says.

Foley's son Robert is Foley Family Wines' chief strategy officer and is involved in managing vineyard assets for Foley Family Farms, as well as serving as chief business officer for the Vegas Golden Knights. Daughter Lindsey helps oversee the Foley Family Charitable Foundation. A second son, Patrick, was a winemaker at Foley Johnson Winery, but passed away in 2018.

Going forward, Foley has ambitious plans for the family wine business, including improving his existing wine holdings while also branching out into new winemaking areas. Those will include delving deeper into Oregon Pinot Grigio and Pinot Noir, where he believes Foley Family Wines can do more, and also experimenting in Monterey County, California, and exploring more properties in Napa Valley. Foley is also teasing a spirits project for Foley Family Wines. "We're going to continue to make everything we have better, but there are a few appellations that we have yet to cover and some where we need to be a little stronger," Foley says. "We're also working on two new spirits brands, which we will launch later this year."

At its heart, Foley Family Wines is a family business. Bill's daughter Courtney (pictured) is becoming more involved in leadership roles day-to-day. Her brother, Robert, also serves in a leadership role, while her sister, Lindsey, oversees the family's charitable foundation.

PHOTO BY LIZA GERSHMAN

The diversity within the Foley Family Wines portfolio is a point of pride for Courtney, who says that she and her father balance each other out well. "Someone recently said that I was the yin to my dad's yang, and I have to agree," she says. "While my dad is more focused on acquisitions and growth, I find joy in building out and providing support for the assets we already have in our portfolio. I like to think my dad starts the sentence with each addition to the portfolio, and I work to finish that same sentence with investment into the aspects of each site that make it special and memorable." mw

While the spirit may not be top-of-mind to consumers currently, vodka remains a strong seller at retail and in the on-premise. At Chicago's Beatrix, from Lettuce Entertain You Enterprises, vodka features in classic drinks like the Bloody Mary (pictured) along with other hand-crafted specialty cocktails.

Vodka Holds Strong

The country's leading spirit finds new ways to stay ahead by focusing on quality

BY CAROL WARD

Tony Abu-Ganim wants to "bring sexy back" to vodka. The industry icon and master mixologist at Libertine Social in Las Vegas acknowledges vodka remains hugely popular in bars and restaurants around the country, yet he says it often doesn't carry the prestige of more trendy white spirits like Tequila and gin.

"I think it's one of the sexiest spirits," says Abu-Ganim, but he notes the challenges vodka has faced in gaining credibility among bar professionals. All use vodka liberally in their cocktails, but many don't treat it with the reverence they afford gin or Tequila or whisk(e)y. The resurgence of classic cocktails has brought gin and whisk(e)y front and center, but vodka remains a huge category with widespread demand among consumers.

Thomas Mizuno-Moore, senior beverage manager for Lettuce Entertain You Enterprises, acknowledges the image-versus-reality challenge. "People drink a lot of vodka, don't get me wrong, but I don't see the category as necessarily dynamic," he says. "It's fairly steady and stable just in terms of things being ordered. Tito's is No. 1, it's not even close. We always want to have some diversity, but we probably could get away with only carrying Tito's, it's that much in first place."

Sexy or not, vodka consumption in the United States continues to expand in spite of competing growth from other spirits. In the first two decades of the 2000s, vodka consumption doubled to more than 80 million cases, and growth has continued since then, according to Impact Databank. "As we kick off 2023, vodka remains one of the top-selling spirits on the market and still holds market share as the preferred on-premise cocktail base," says Campari America's senior category marketing director Sean Yelle. Campari markets Skyy vodka.

Today's vodkas are focused on high-quality ingredients. Irvine's from celebrity chef Robert Irvine (above) was designed to pair well with food. The brand also sends a portion of each sale to Irvine's foundation, which helps military families.

Hannah Venhoff, vice president of Deep Eddy vodka at Heaven Hill Brands, also notes the extraordinary staying power of vodka. "Despite all the growth and excitement with some of the really hot categories like Tequila or Bourbon, vodka has been able to maintain its number one position in terms of spirit category," she says.

Fun, Mixability, and Variety

Deep Eddy, which offers a standard vodka along with a range of flavored extensions, is focusing on the good times that can come along with vodka consumption. "There's a lot of seriousness happening in spirits today," Venhoff says. "Vodka is uniquely positioned to remind consumers that drinking is about fun. It's about being with your friends and your family and carefree good times. We have an opportunity to uplift the category from that perspective, and our brand really leans into that in an authentic way."

Mixability is also at the core of vodka's popularity. While one of the top drink requests in many bars is a simple Vodka Soda, the neutral flavor of vodka provides a base for some amazing cocktail creations. At Williams & Graham in Denver, owner and master mixologist Sean Kenyon says vodka is crucial at his bar. "I've always seen vodka as an incredible building block, a foundation for creativity," he says. "I look for flavor in my vodka; not factory-added like in flavored vodkas, but body and viscosity."

Kenyon says consumers are more in tune with the quality of ingredients in vodka than they were in the past, and are also seeking brands with sustainable practices and philanthropy efforts. "We're seeing a push toward craft and local brands, like Woody Creek right next to the Grey Goose, Ketel One, and Tito's of the world," he adds.

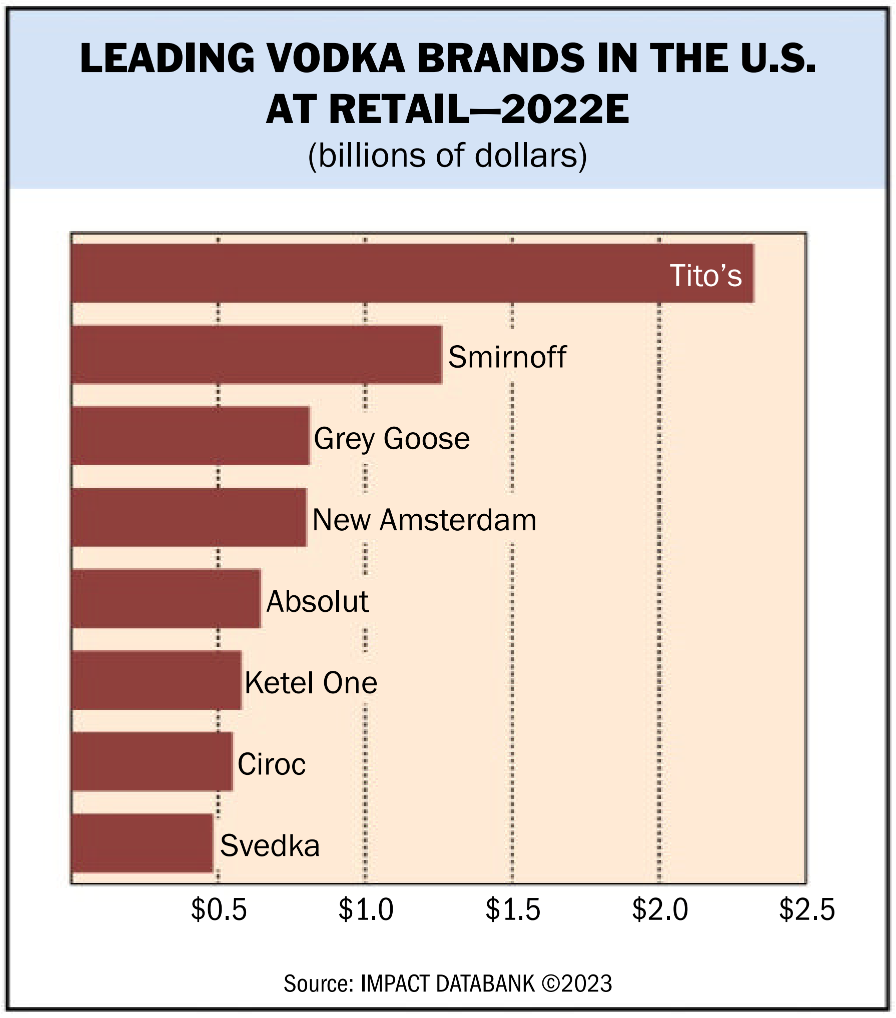
In fact, Kenyon is excited about some of the new entrants that continue to flood the market. "People are seeking out vodkas made in an Old World sense, not those that are overly distilled and neutralized," he says. "There's an Irish vodka called Kalak that's made from malted barley and is incredibly innovative. Two Japanese vodkas—Haku vodka made from

PHOTO BY (PREVIOUS) THOMAS MIZUNO-MOORE

WOODY
CREEK
DISTILLERS
VODKA

DIXIE
VODKA

With Tito's the category's top seller, other brands are looking to distinguish themselves. Campari's Skyy (above) reformulated its liquid, while Dixie (top right) has zeroed in on its Southern roots. Colorado's Woody Creek (top left), meanwhile, distills only with Rio Grande potatoes.



LEADING VODKA BRANDS IN THE U.S. AT RETAIL—2022E
(billions of dollars)

Source: IMPACT DATABANK ©2023

rice and Nikka Coffey vodka made with corn and barley—are extremely interesting. Hanson's vodka made from Sonoma grapes is a unique expression. And Woody Creek vodka is farm-to-bottle and made with Rio Grande potatoes. It's full flavored and has an incredible mouthfeel. All of these brands are changing the world's perception about vodka."

Some of those brands are used in signature cocktails at Williams & Graham. The Martini Americano ($14), for example, is made with Woody Creek vodka, Cocchi Americano vermouth, and Regan's Orange bitters; while The Garden Party ($12) mixes Hanson's Sonoma vodka, house-made cucumber syrup, fresh lemon juice, Scrappy's Celery bitters, basil, and soda water.

David Matthews, master distiller at Woody Creek Distillers in Basalt, Colorado, believes the traction he's getting for Woody Creek vodka ($35 a 750-ml.) is due to the unique potato base. "Among available potato vodkas, we're further differentiated by using the specific Rio Grande potato variety as opposed to sourcing whatever potato variety is available in the market," he says. The brand has also received a boost from actor William H. Macy, who Matthews describes as a "neighbor, partner, and company spokesdude."

Celebrity chef and author Robert Irvine entered the mix last year with the launch of Irvine's vodka ($20 a 750-ml). The brand is currently available in about a dozen states, and

MILLION-CASE VODKA BRANDS IN THE U.S.[1]

(millions of 9-liter cases)

Rank	Brand	Company	2000	2005	2010	2015	2020	2021	2022E	Percent Change[2] 2021-2022E
1	Tito's	Fifth Generation Inc.	0.01	0.10	0.37	3.33	10.35	11.00	11.55	5.0%
2	Smirnoff	Diageo North America	5.76	8.16	9.55	9.19	9.02	8.93	8.78	-1.7
3	New Amsterdam	Spirit of Gallo	-	-	-	4.01	5.50	5.36	5.33	-0.6
4	Svedka	Constellation Brands	0.08	0.64	3.27	4.20	4.73	4.25	3.83	-9.8
5	Absolut	Pernod Ricard USA	4.47	4.73	4.63	4.07	3.13	3.23	3.16	-2.1
6	Grey Goose	Bacardi USA Inc.	0.28	2.08	2.96	2.65	2.06	2.63	2.60	-1.1
7	Ketel One	Diageo North America	0.80	1.60	1.90	2.17	2.52	2.62	2.53	-3.6
8	Pinnacle	Beam Suntory Inc.	-	0.06	1.40	2.62	2.47	2.27	2.18	-4.0
9	Stolichnaya	Stoli Group USA	1.35	1.99	1.80	1.67	1.95	1.98	2.03	2.5
10	Burnett's	Heaven Hill Brands	0.34	0.61	1.52	2.86	2.48	2.23	2.00	-10.0
	Total Top 10		**13.06**	**19.95**	**27.40**	**36.78**	**44.20**	**44.48**	**43.98**	**-1.1**
11	Platinum 7X	Sazerac Co. Inc.	-	0.03	0.50	0.97	1.88	1.95	2.00	2.6
12	Deep Eddy	Heaven Hill Brands	-	-	0.01	0.71	1.51	1.84	1.95	5.9
13	Barton	Sazerac Co. Inc.	1.39	1.53	1.76	1.97	1.88	1.90	1.93	1.3
14	Skyy	Campari America	1.09	2.07	2.70	2.84	2.39	2.15	1.85	-14.0
15	Skol	Sazerac Co. Inc.	1.11	1.39	1.64	1.68	1.55	1.56	1.65	5.8
16	McCormick	McCormick Distilling Co.	1.60	1.95	2.00	1.83	1.58	1.50	1.53	1.7
17	Taaka	Sazerac Co. Inc.	0.50	0.60	1.00	1.32	1.48	1.45	1.48	2.1
18	Cîroc	Diageo North America	-	0.07	0.74	1.74	1.35	1.45	1.37	-5.5
19	Seagram's	Infinium Spirits	-	0.73	1.15	1.23	1.32	1.16	1.13	-3.0
20	Fleischmann's	Sazerac Co. Inc.	0.69	0.86	0.95	1.04	0.98	0.95	1.00	4.7
	Total Million-Case Brands[3]		**19.42**	**29.14**	**39.82**	**52.08**	**60.10**	**60.39**	**59.85**	**-0.9%**

* Less than 0.05%

[1] Includes flavors

[2] Based on unrounded data

[3] Addition of columns may not agree due to rounding.

Source: IMPACT DATABANK ©2023

SHARE OF VODKA CONSUMPTION IN THE U.S. BY PRICE SEGMENT

Segment[1]	2000	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020	2022E
Sub-Premium	60.0%	79.6%	51.5%	46.5%	44.2%	42.6%	39.2%	37.6%	34.9%	33.9%	31.4%	30.0%
Premium	38.5	16.6	43.2	46.4	47.7	49.5	52.1	53.7	56.9	59.0	62.4	62.9
Above Premium	1.5	3.8	5.3	7.2	8.1	8.0	8.8	8.7	8.2	7.1	6.2	7.1
Total Vodka[2]	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

[1] Price segments (average per 750-ml.):
Sub-Premium = under $10
Premium = $10-$25
Above Premium = over $25

[2] Addition of columns may not agree due to rounding.

Source: IMPACT DATABANK ©2023

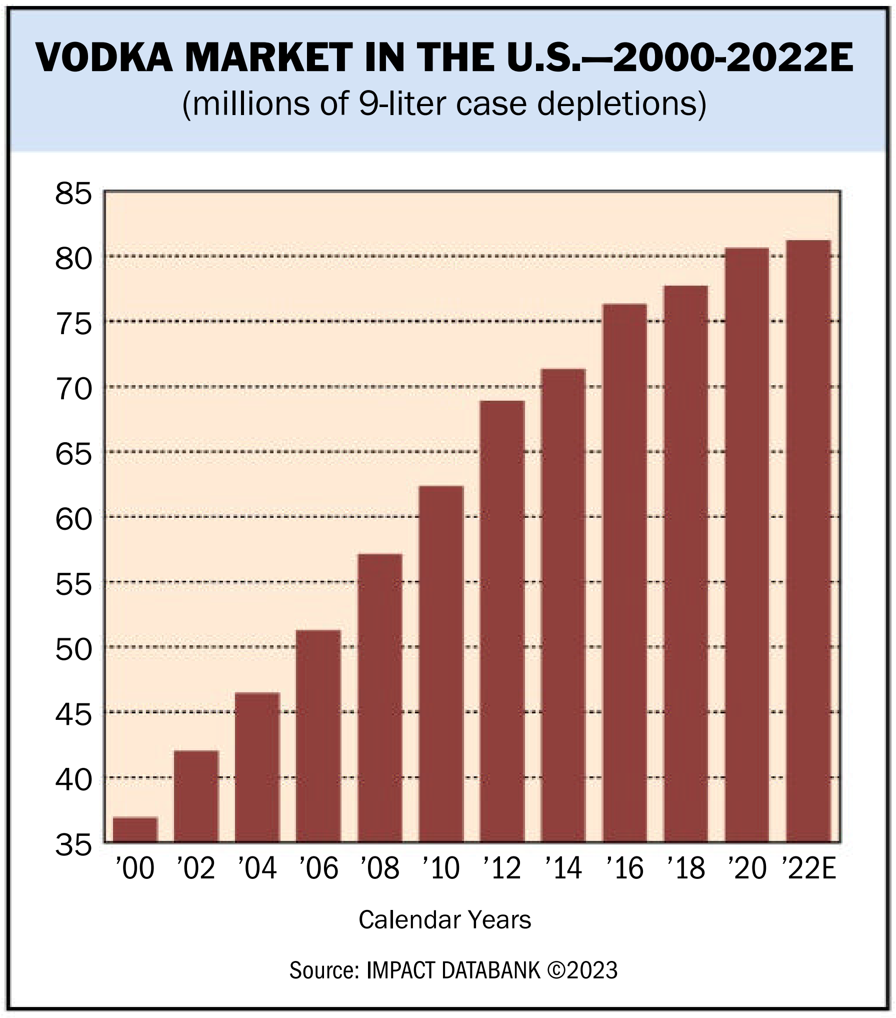
Irvine says expansion is underway. The host of "Restaurant Impossible" on Food Network, Irvine says his celebrity status isn't celebrated. "I didn't just put my name on any brand, these are authentic spirits that I created," he says referencing both his vodka and gin. "With my expertise and experience in the kitchen, I developed Irvine's vodka and Irvine's gin specifically to pair with food. We call our spirits 'chef curated' because they truly are meant to be enjoyed as part of the meal."

Uniquely Focused

Part of the reason Irvine's is gaining traction, he says, is not just because of its quality ingredients and excellent taste, but because a portion of the sale of every bottle benefits The Robert Irvine Foundation, which supports military families, veterans, and first responders. In fact, many new or developing vodkas are attempting to differentiate themselves with an attribute that sets them apart. Tom of Finland Organic vodka ($37 a 750-ml.), for example, specifically targets the gay community.

SMIRNOFF
SPICY TAMARIND
DEEP EDDY
RUBY RED
AUSTIN TEXAS

Flavored vodkas are evolving. Smirnoff, the No.-2 vodka brand in the U.S., has seen success in recent years with its Spicy Tamarind flavor (above left). Texas-based Deep Eddy is founded on flavors, with its variety of citrus offerings (Ruby Red above right) extremely popular.



VODKA MARKET IN THE U.S.—2000-2022E

(millions of 9-liter case depletions)

Source: IMPACT DATABANK ©2023

"Vodka is such a competitive category, finding a true point of differentiation for the consumer can be exceptionally difficult," says Umberto Luchini, founder of Eugene, Oregon-based Wolf Spirit, which imports Tom of Finland. "Rather than going head-to-head with the category leaders, our strategy is to carve out a profitable segment by hyper-targeting the LGBTQ consumer with a brand that resonates with them all year long—not just during Pride Month. Tom of Finland was a famous artist from the 1970s and '80s whose work still influences pop culture today, creating an incredibly recognizable and relevant trademark, particularly for the gay community."

Dixie vodka ($17 a 750-ml.) is zeroing in on the South, and more specifically the Southeast, and leveraging its South Carolina roots in the process. "Within our home region, which is where we are hyper-focused, nothing represents the South like Dixie," says Matti Christian Anttila, founder of Grain & Barrel Spirits. "By leaning into our home region we've been able to really resonate with consumers looking to buy closer to home, which has allowed us to differentiate ourselves in the category."

Differentiation isn't just limited to the niche brands. Campari's Skyy vodka, for example, recently reformulated its offering. "Ever since the new reformulated liquid launched in 2021, we continue to educate consumers [about it]," says Yelle. "It's rare to see a vodka brand add something back into the product to impact the flavor profile, but that's exactly what we did. The addition of water enriched by pacific minerals brings an added freshness to our vodka, and we want to highlight that to consumers as we show up in locally relevant ways across the country throughout the year."

Heavy Hitters

Often, differentiation may be helpful in a market crowded with mega-brands that have, in many cases, dominated for years. These niche brands can be inspired by Tito's, which in 2010 was a regional vodka with limited distribution but by 2020 was the No.-1 brand in the United States with more than 10 million cases. Tito's dominance continues into 2023. "Tito's is a beast," Anttila of Dixie says. "It opened the door for domestic brands."

Tito's huge success led to it unseat Smirnoff, the longtime vodka category leader. Diageo's Smirnoff is now firmly in the No.-2 position. New Amsterdam, Burnett's, and Platinum 7X round out the top five among domestic brands, according to Impact Databank. Among imported brands, Svedka led the pack in 2022, followed by Absolut, Grey Goose, Ketel One, and Pinnacle.

While imported and domestic brands gained volume in 2021, buoyed by the growing demand from consumers for easy-to-make cocktails at home, both segments lost volume in 2022. But marketers continue to express confidence in vodka. "We know our sales have jumped significantly since the beginning

California's groundbreaking white wine blend...

RUM
CALIFORNIA WHITE WINE BLEND UNIQUE & ORIGINAL TO THE WAGNER FAMILY OF WINE
PRODUCT OF CALIFORNIA, U.S.A.
2021
CONUNDRUM
CALIFORNIA
CHARLES F. WAGNER, PROPRIETOR

When we introduced Conundrum White, it was largely unheard of for California winemakers to blend varieties. Inspiration came from my grandpa, Charlie Wagner Sr., who had been experimenting at the dinner table for years. The style of this wine has become drier over the years, but what has stayed the same is the tradition of breaking tradition. Four white varieties create intriguing tropical notes, voluptuous fruit and a refreshing finish.

@conundrumwines

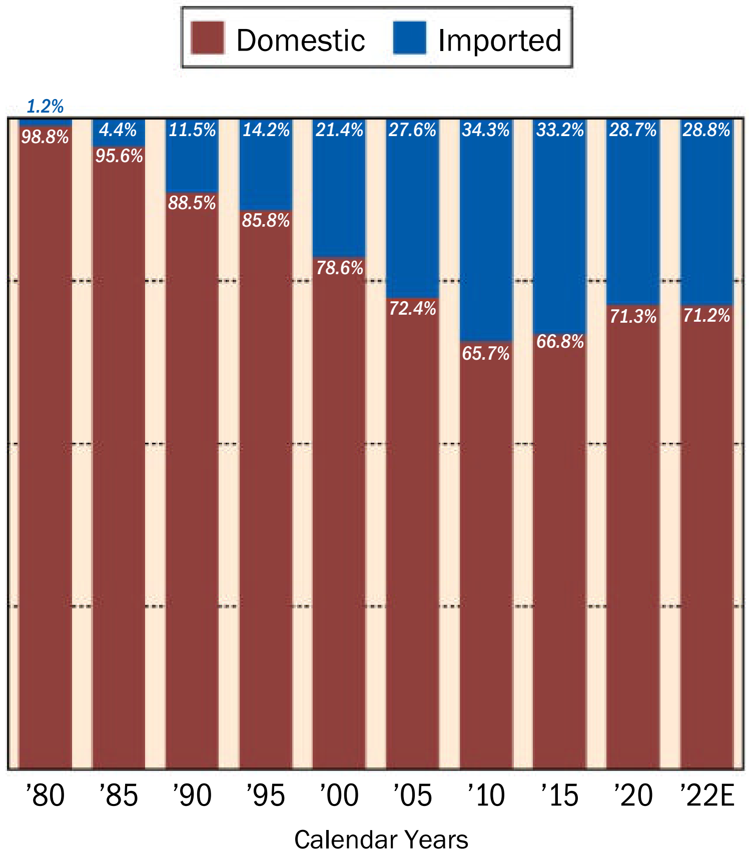
Other Wines by the Wagner Family
Caymus • Mer Soleil • Emmolo • Red Schooner
Sea Sun • Bonanza • Caymus-Suisun

While flavored vodkas are returning to prominence, their success is mostly off-premise. Many bars and restaurants prefer to add their own flavors to spirits. At Aba in Miami (pictured), bartenders infuse vodka with such flavors as chili, rosemary, and lime.

of the pandemic," says Aleco Azqueta, vice president of marketing for Bacardi, which owns Grey Goose. "As we move further into a post-pandemic world, we know that the demand for vodka will continue to rise."

Smirnoff vodka North American brand leader Jennifer Holiday Hudson also expressed confidence in future growth, and says the brand is well positioned amidst the current economic uncertainty. "As consumers spend more cautiously in our current economic climate, Smirnoff is an iconic quality vodka at an accessible price point versus competitors, making Smirnoff the winning option for everyone," she says.

SHARE OF VODKA MARKET IN THE U.S. BY ORIGIN—2000-2022E



Source: IMPACT DATABANK ©2023

Flavor Reliance

Despite some consumer and trade pushback on flavors in recent years—due mainly to the volume of flavors available—several vodka brands remain committed to the sector, although perhaps in a more measured way than in the past. Deep Eddy vodka was launched several years ago with a Sweet Tea flavor rather than a standard vodka. Now, Venhoff says, the original unflavored Deep Eddy is growing faster than flavors, but flavors remain core to the business.

"I think that it's fair to say that we'll introduce more new flavors along the way," says Venhoff. "For us it's the right portfolio of flavors. Our citrus flavors—lemon, ruby, and now lime—have really dominated for us. "

Smirnoff is also leveraging flavored vodkas, the latest being Smirnoff Blue Raspberry Lemonade vodka, which launched in February. The Blue Raspberry is the latest in a series of lemonade flavors, including Pink and Peach, which Holiday Hudson says tap into flavors "that consumers know and trust."

Smirnoff has also seen success recently with Smirnoff Spicy Tamarind, which was originally available in Mexico, Holiday Hudson says. "The flavor showcases the versatility of our spirit in ways that consumers are really connecting with when it comes to the sweetness of tamarind candy with a hint of spice," she says.

Many of these vodka brands have also launched vodka-based RTDs in a variety of flavors in recent years. Venhoff notes that the full-strength flavored vodkas provide a bridge to RTD drinkers as they make their way into the full-strength vodka market.

Flavored vodkas haven't made the leap into the on-premise in a big way, with a few exceptions. Many bartenders prefer to start with the straight spirit and add flavor when building a cocktail. Mizuno-Moore, for example, has tried some of the vodkas flavored with botanicals in the bars of Lettuce Entertain You restaurants, with limited success. "We appreciate that effort but we don't get guests asking for it and so it hasn't penetrated to the guest," he says. Cocktails featuring such flavored vodkas get some traction, but "it hasn't translated to the guest calling" for those brands on subsequent visits.

Instead, Mizuno-Moore prefers to create his own infused vodkas when appropriate. At Aba Restaurant, the Harissa Bloody Mary ($13) is made with house chili-infused Basic vodka, house harissa, and pickles; while the Mediterranean Mule ($14) is made with house rosemary- and lime-infused Basic vodka, Appel's Horchata, Galliano, ginger, and lime.

The vodka segment is clearly evolving, both in flavors and with the core spirit. Though brands will shift in popularity and new approaches will upend the status quo, one near certainty is that vodka will continue to drive a large share of the spirits business in the U.S. As Kenyon puts it, "Vodka is a top selling spirit globally, and to ignore that is ridiculous." mw

PHOTO BY RUBEN CABRERA

...and a one-of-a-kind red blend for every mood and food.

RUM
CALIFORNIA RED WINE BLEND UNIQUE & ORIGINAL TO THE WAGNER FAMILY OF WINE
PRODUCT OF CALIFORNIA, U.S.A.
2020
CONUNDRUM
CALIFORNIA
CHARLES F. WAGNER, PROPRIETOR

Like our first Conundrum, this red is made from grapes grown in premier wine regions of California. Features dark varieties with the character of lavish cherries, baking chocolate and a smooth texture. Just as versatile as Conundrum White, this blend inspires a spirit of experimentation with food and wine that is reminiscent of my grandpa's. Following in his footsteps is a privilege—and a whole lot of fun.

Charlie Wagner

Charlie Wagner
Conundrum Wines

@conundrumwines

Other Wines by the Wagner Family
Caymus • Mer Soleil • Emmolo • Red Schooner
Sea Sun • Bonanza • Caymus-Suisun

Joe's
SEAFOOD • PRIME STEAK • STONE CRAB

Joe's Seafood, Steak & Stone Crab (Las Vegas location pictured) stocked its cellar as pandemic restrictions waned. But even with more to offer, California selections—especially Cabernet Sauvignon—remain most popular with guests, according to concept wine director Kevin Bratt.

California Comfort

Many on-premise operators are slimming down wine lists to focus on traditionally top-selling regions and varietals

BY CAROL WARD

When restaurants and bars nationwide reopened and reinstated longer operating hours during the pandemic rebound, Kevin Bratt, concept wine director for the three-location Joe's Seafood, Steak & Stone Crab, owned by Lettuce Entertain You Enterprises, decided to go all in on shoring up wine reserves at a time when many restaurants were shedding excess stock. "A lot of the direction wine buyers have received over the past two or three years was to liquidate inventory as much as possible to generate revenue," he says. "On the flip side, I saw that as a great opportunity to capitalize on the availability of things that I didn't have access to before, due to allocation."

Overall, Bratt stuck to the restaurant's core format, keeping the same size wine and reserve list, along with the same price points. "The biggest takeaway is that we have the ability to create deeper cellars with large inventory," he says, noting that while some of the wine he's been able to get his hands on might not move right away, he has the ability to cellar wines for the longer term.

However, that's not the case for many on-premise wine professionals who, due at least in part to the devastating impact of the Covid-19 pandemic and the ongoing sluggish economy, have opted to cull their wine lists to reduce risk and cost. "During times of economic uncertainty, some on-premise operators have a lower risk tolerance for bringing in untested products or varietals that might tie up dollars and be slower to turn," says Deutsch Family Wine & Spirits president Tom Steffanci.

In that vein, John Haggai, president and CEO of Andover, Massachusetts-based Burtons Grill & Bar, says the chain had no choice when it came to cutting back. "We had over 50 wines on the list and we went down to around 16," he says. "We stayed hyper-focused. But honestly it made us better, more aware, and more customer-focused."

As the chain pared down its selection, Haggai says well-known California wines were put front and center. "California wines, especially in our restaurants, always sell well," he says. "They're known, they're safe, they're reliable. We couldn't afford to waste

PHOTO BY (OPPOSITE) BRIAN SAMUELS PHOTOGRAPHY

Burtons Grill & Bar (pictured), the chain based out of Massachusetts, pared its wine list back from 50 offerings to 16 during the Covid-19 pandemic. While slimming its list, the restaurant and bar kept reliable California offerings front and center.

Napa Valley remains a leader in California wine and brands like Josh Cellars (top) and Girard Artistry (above) benefit from having well-known California provenance. However some restaurant managers caution that higher pricing for Napa wines is causing consumers to look toward other California regions.

any, because we didn't know if we were going to be open next week. We homed in on the consumer and what we knew would sell." Now, at the start of 2023, the Burtons Grill & Bar list remains roughly 80% tried and true, with about 20% alternative varietals and esoteric wines, he notes.

And even with a larger inventory, California wines also dominate at Joe's Seafood, Prime Steak & Stone Crab locations, with Napa Valley Cabernet Sauvignon remaining the go-to offering, according to Bratt. "These labels are always near the top of our weekly sales lists, in the top ten generally both by the glass and by the bottle," he says.

Powerhouse Producers

For smaller California wine producers, such strategies as Haggai's can be problematic. But for the powerhouse producers that already dominate many wine lists, further streamlining can be a boon. Famed California winemaker Joe Wagner's Copper Cane & Provisions, for example, hasn't had problems keeping wine professionals interested in its wines. About 51% of its volume was in the on-premise prior to the pandemic. After the sharp downturn in 2020 and the subsequent rebuild over the last two years, that figure has rebounded to almost it's previous level, at about 45% at the end of 2022.

Wagner says the strong longer-term presence paid off, adding that his company hasn't lost placements at large restaurant chains. "National accounts [have tended to] stay with what was working and not make any drastic changes," he says. "If anything, they were cutting back their list and just focusing on what worked. Now we're still seeing growth, but I think that a lot of that has to do with buyers going with the tried and true and not really taking huge risks until everything gets more stabilized."

Terlato Wine Group CEO Bill Terlato says there's no question that restaurants across the country are shrinking their wine lists. "They obviously went through a lot of financial difficulty," he says. "I think it's something that will evolve over time, but right now they want products that are selling, and fewer of them."

Terlato acknowledges there's an intensified competition for new listings, but says for those already in the mix, the situation can be positive. "We have good, strong brands that perform

well," he says. "Part of the benefit with the smaller lists is that if you have brands that move, you're going to get more opportunities for new listings."

Another factor impacting the on-premise is the high turnover in restaurant staffs. J. Lohr Estates President and CEO Steve Lohr says the staffing situation presents challenges as well as opportunities. Lists are smaller, he notes, with well-known brands thriving and top varietals attracting consumers. But a larger-than-usual percentage of wine staff is relatively inexperienced, due to the high turnover.

"A lot of buyers were either let go during the pandemic or they chose to do something else," he says. "Now there are a lot of buyers who are quite new and don't have a good understanding of wine and what makes it so unique. And it's not just buyers—many of the staff are new also and may not know much about wine. Whatever a brand can do to educate serving staff will definitely help."

Treasury Wine Estates Americas president Ben Dollard also notes the shift. "There are a lot of new people coming into the wine category at the restaurant level who have a thirst for knowledge," he says. "I see that as a massive opportunity because it gives us a chance to tell our story. Treasury Americas has created an online tasting tool called Tasting Room that guides servers and on-premise wine professionals on the basics of wine service.

Hilltop
J. LOHR
Cabernet Sauvignon

A major factor in on-premise wine sales currently is staffing. With high turnover, staff is often less educated on wine than prior to the pandemic. As such, well-known California offerings like J. Lohr Cabernet Sauvignon (Shotwell Vineyard top; bottle above) are faring best.

Stalwart Selections

Amidst the upheaval of the past three years, one area of relative constancy is the consumer popularity of certain California regions and varietals. "Cabernet Sauvignon and Chardonnay remain very strong," says Terlato. "Pinot Noir is also doing well, and Merlot is finding increased interest."

Dollard also sees the ongoing adoption of well-known varietals. Within the Treasury portfolio, he adds, that means solid demand for Napa Valley Cabernet Sauvignon and Chardonnay, and for Sauvignon Blanc—particularly in by-the-glass programs.

At Joe's Seafood, Prime Steak & Stone Crab locations, Bratt says patrons haven't been too put off by the higher price tags such brands carry, although wine buyers are always looking for more affordable Napa Valley Cabernet options. "As we find new brands that fit into the sweet spot—let's says $115-$175 a 750-ml. for Napa Valley Cabernet—we add them because some of the wines that were in that category before have now priced themselves out of that range," Bratt says. "Our team is always looking for more wines to fit back into that range, so people can continue with what they were normally spending."

Burtons Grill & Bar also moves a considerable amount of Cabernet Sauvignon from Napa and elsewhere. "Cabernet is where the action is," says Haggai. "Chardonnay and Pinot

THE FEDERALIST
FEDERALIST
RED BLEND
ZINFANDEL

Amid some economic uncertainty, many consumers are looking for lower prices when dining out. To engage these consumers, Terlato Wine Group offers such brands as Santa Barbara's Sanford (Sanford & Benedict Estate vineyard top) and The Federalist (lineup above), which has labels from across a variety of Californian AVAs.

Noir round out the top three. Bordeaux blends are a go-to for our consumers, and Sonoma and Napa wines are selling great." Sparkling wines of all types are also booming at Burtons, Haggai notes, and he adds that he's also interested in Cabernet Franc and Zinfandel, both of which are gaining traction. Neither varietal is currently on the Burtons wine list.

Napa Cabernet Sauvignon remains the pinnacle California wine, but it generally carries a price tag that is out of range for most consumers, and the recent fires and supply chain challenges have only pushed prices higher. Suppliers are always seeking to provide more affordable options. Terlato Wine Group, for example, is readying a new Cabernet Sauvignon from Paso Robles, called Paso-D'Oro, to be released this spring at a price of around $30. "I think Paso Robles offers an attractive price point with wines that are very distinctive and good," Terlato says.

More generally, Paso Robles is a big beneficiary of the ongoing Napa price and supply challenges. "There are regions that are eating into Napa's share of the pie, and Paso is a huge one," says Mike Eayad, general manager of Hearth & Hill Restaurant in Park City, Utah. "Paso Robles isn't new to the game but people are looking directly at Paso wines—specifically Cabernets and red blends—as an alternative to Napa, without any need for us as sommeliers and wine directors and wine buyers to push them in that direction. The new wineries in Paso haven't jumped in price tremendously over the past years with inflation. There's a reputation and consistency in Paso that's comparable to Napa, but without the Napa price point."

Another contender is Santa Barbara, which Eayad says is absolutely crushing it right now. "There are seriously great Pinot Noirs in that region, and the Cabernet Franc and to a lesser extent the Syrah coming out of Santa Barbara County are incredible," Eayad says. "I think a Syrah or Cabernet Franc from Santa Barbara can be a little more approachable for guests than something that's going to be $125 or $150 coming out of Napa. The risk-reward ratio is a little bit more palatable when they're only spending $60-$80 on a bottle in a restaurant."

Belle Glos
Pinot Noir

For Copper Cane Wine & Provisions (Belle Glos Pinot Noir left), on-premise sales have almost entirely rebounded to pre-pandemic levels. At Hearth & Hill Restaurant in Park City, Utah (bar above), California regions like Paso Robles are starting to gain more attention thanks to their quality-to-price ratio.

PHOTO BY (RIGHT) MEAGAN LARSEN

Premiumization Under Pressure

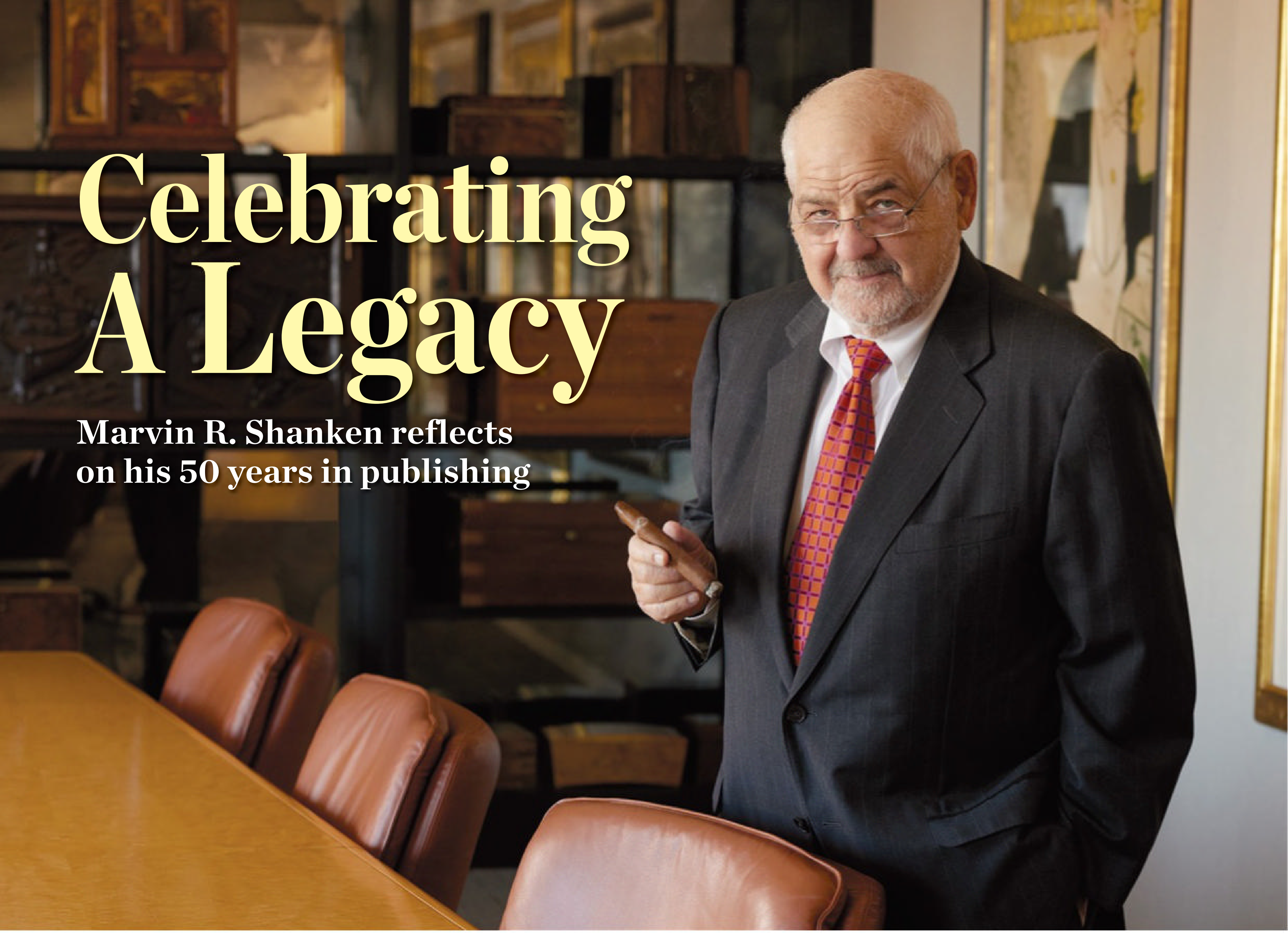
Premiumization has been a buzz word in the beverage alcohol industry for many years, even through the pandemic and all the upheaval it brought. Now, with economic challenges at the start of 2023, suppliers are waiting to see the impact on consumer price acceptance. Wagner of Copper Cane says restaurant by-the-glass programs continue to seek wines that can be priced in the $12-$20 per-glass range, which roughly translates into $20-$50 a bottle at retail. “I don’t think that that’s going to slow down,” he says. “I think part of that is due to the fact that our brands are well-established, and people still want to climb that ladder of drinking better. We’ve sometimes seen that trade down happen in tough economic times but for the time being that movement isn’t evident.”

At J. Lohr Estates, price hikes that the winery implemented for off-premise sales were tabled for the on-premise in acknowledgement of the ongoing struggles for the on-premise sector. Lohr says he’s noticed many restaurants have raised prices on all wine in excess of supplier increases, effectively increasing their wine profit margins to offset some of the additional food and labor costs they’ve encountered recently.

Thus far, consumers haven’t rejected such moves, but there are signs of a slowdown. “Part of it is that people aren’t going out to eat as often,” Lohr says. “And whereas restaurants have raised glass and bottle prices, they also recognize certain consumers are price sensitive so they’re having happy hours and other specials. People want the experience and they want to splurge a little bit—they’re just not doing it as often.”

With the economy on shaky ground at the start of 2023, wine professionals in all three tiers are preparing for an impact, although many expect it to be mild. “Consumers have identified in surveys that going out to eat is one of the expenses they intend to reduce due to inflation and lower expendable income,” says Deutsch’s Steffanci. “I expect restaurants, and by default the California wine sold there, to be under pressure in 2023 as a result. But I don’t expect steep declines. Eating out remains an affordable luxury and consumers still value being out, as the bad memory of being ‘shut in’ is still top of mind.”

While most suppliers say they expect a modest downward swing as consumers are a bit more cautious with spending, they also believe cutbacks on larger luxury purchases will be more prevalent. “I think the on-premise is going to continue to perform well even if we have economic challenges,” says Terlato. “Going out to dinner with friends is a simple pleasure. We bring some joy, peace, and relaxation to people’s lives, and that is something that’s not going to stop.” mw



Celebrating A Legacy

Marvin R. Shanken reflects on his 50 years in publishing

On December 20, 2022, Market Watch's publisher, M. Shanken Communications, celebrated its 50th year in businesss. Marvin R. Shanken launched M. Shanken Communications, starting from a small apartment office in New York City, on that day in 1972.

He began with Impact newsletter, the industry publication that would be the initial building block in what would grow to become a portfolio of upscale publications covering wine, spirits, cigars, and the good life—including Wine Spectator, Whisky Advocate, and Cigar Aficionado. Throughout its years, the company has also maintained a firm focus on the industry with an array of trade titles that include Market Watch, Impact, and Shanken News Daily.

To mark the occasion, the company has published a special anniversary edition. Here, we give you an excerpt from that issue's interview with Marvin R. Shanken, chairman of M. Shanken Communications.

Q: *What are your thoughts on celebrating 50 years in publishing?*

Shanken: It's a milestone I never thought about until I was told that on December 20, 2022, I will be celebrating 50 years. Then I thought to myself, "Wow. That's special." My first reaction was to think of all the great people at M. Shanken who have taken this ride with me. Many have been with me 30, 40 years. We're a family. I'm a very lucky guy.

Q: *Let's go back to the beginning. How did you begin your career?*

Shanken: After getting a business degree at the University of Miami in 1965 and then my MBA in real estate and finance from American University in Washington, D.C., in 1968, I got a job on Wall Street at a small investment banking firm. In 1970, I was sent to California to help finance a relatively small vineyard purchase for a client. I knew nothing about the wine industry, started doing research and discovered there wasn't much reliable, published information available. The vineyard deal was completed and I was very proud of it.

Q: *How did you make the transition from real estate to publishing?*

Shanken: In 1972, I was back in California working on another real estate deal and was in a head-on collision on coastal Highway 1 near San Luis Obispo. While recuperating in a local hospital, I had an epiphany and decided that I loved wine, not real estate, and decided I wanted to be a wine writer. I didn't know what I was doing.

PHOTO BY RICK WENNER

Q: *How did that transition go?*

Shanken: Well I wanted to write about wine, but Impact was basically a trade publication for the spirits industry. Wine played a minor role in the editorial. When I bought Impact, there were only 200 subscribers who each paid $48 a year. Hence annual revenue of $10,000. Almost all of its subscribers were distillers and distributors. Very few people in the wine industry knew Impact existed. When it became my full-time occupation, I was living and working in a one-bedroom, third floor walk-up apartment on East 53rd Street in New York City.

Q: *How did that first year go?*

Shanken: Within the first three months, I was certain I had made the biggest mistake of my life. I felt like I had jumped out of an airplane without a parachute!

Q: *What was it like trying to build the newsletter's circulation and reputation?*

Shanken: It took time. My first goal was to get the newsletter's revenues to $100,000 as quickly as possible so I could take a salary. It took me a few years before I could take an annual salary of $15,000. Don't ask me how I lived. It was hand to mouth, or month to month, as they say. No dining in restaurants. No haircuts. No new clothes.

> ***The wholesalers of America deserve much of the credit for my survival.***

Q: *What was the spirits industry like then?*

Shanken: I quickly learned the liquor industry was a closed kingdom, controlled by a small group of liquor barons, companies like Seagram, National Distillers, Schenley, Heublein, Hiram Walker, and Brown-Forman. The one thing they all seemed to have in common was that they had either never heard of me, or heard of me and didn't want any part of me. It wasn't personal. They just didn't want any outsiders coming into their industry. To suggest that I was unwelcome was an understatement. Most of these companies are gone now, as are Schieffelin, Somerset Importers, Renfield, Glenmore, Austin Nichols, Carillon Importers, Buckingham Importers and many others. Their brands continue but the companies are all gone.

Q: *There must have been some more welcoming people?*

Shanken: I survived because I was supported and embraced by the independent wine and spirits wholesalers of America. Plain and simple. So many distributors, and there were hundreds back then, were fed up with the excessive control exercised by the distiller barons. Other trade publications in those days just reprinted press releases supplied by distillers. There was no real, quality trade journalism. The wholesalers, on the other hand, wanted professional coverage of their industry. They supported me by taking out subscriptions and recommending me to their friends in the industry. They really treated me special. People like Stanton Sobel (San Francisco), Norm Lipman (Tennessee), Kokie Goldenberg (Minnesota), Al Davis (Atlanta), Arthur Edelstein (Chicago), Ray Tye (Massachusetts), Ray Herrmann (New York), and Vern Underwood (California). All but Vern are gone now. Of course, my biggest supporter in the early days was Harvey Chaplin of Southern Wine & Spirits. In 1976, he ordered 100 subscriptions for his team and best retail customers. That one order paid my rent. Later I met Mel Dick, who ran the wine business at Southern. He also embraced me with open arms and helped me 45 years ago. One of my best friends among the wholesalers was Alan Dreeben of Block Distributing (now part of Republic National Distributing Co.) in Texas. When I married my wife, Hazel, in 1981, he was my best man. In summary, the wholesalers of America deserve much of the credit for my survival.

Q: *What was your motivation for launching* MARKET WATCH *magazine in 1981?*

Shanken: Impact newsletter was read by supplier and wholesaler executives. There was a real need for a publication that would provide market intelligence for on- and off-premise operators—retailers and bar and restaurant owners. Over the years, MARKET WATCH established itself as the leading magazine on beverage alcohol for the trade. We kept abreast of burgeoning marketplace trends and never talked down to our readers, who were becoming more sophisticated every year. MARKET WATCH became the publication for what we liked to call "think pieces:" feature stories that addressed critical topics facing the wine and spirits industry at large, like consolidation at the wholesaler and supplier level, the anti-alcohol movement, the growing importance of supermarket sales and female consumers. I remember Penn Kavanagh, then-president of now-defunct Schieffelin & Somerset and one of the most erudite executives in the business at that time, saying, "MARKET WATCH is the New Yorker magazine of trade publications." That was a great compliment!

Q: *When did you start building your team?*

Shanken: We had a very small team and we added to it one by one. We were all young and crammed into corners in our small office on East 53rd St. We did everything ourselves by hand. Issues were stuffed into envelopes and stamped; promotional mailings were collated sitting on the floor. Someone would run to the post office to drop them in the mail. It was very much a startup. I've been fortunate to have built a great team over the last 50 years. Many of the original team have been with me for over 30, even 40 years and more. We call it our M. Shanken family.

To read the full interview in M. Shanken's special 50th anniversary issue, visit: mshanken.com/50years

After several seasons of hardship brought on by early frost, short harvests, and smoke affecting the quality and quantity of the wine coming out of the Willamette Valley, vineyards in the area are finally bouncing back. Jim Bernau (pictured right inset), founder and CEO of Willamette Valley Vineyards (pictured), says consumers are taking a sharp interest in Willamette Valley Chardonnay (pictured left inset) and Sauvignon Blanc after a decent 2022 harvest.

ONWARD IN OREGON

Despite challenges in supply and production, Oregon wines are largely showing growth

BY CAROL WARD

As summer turned to autumn in 2022, many Oregon wine growers were a bit antsy. The previous two years had been challenging from a production standpoint, and frost in the spring had put everybody on edge. However, the worrying was largely for naught, as vintners are reporting a quality harvest with varying but generally high yield levels.

“We had some real challenges the past two years,” says Jim Bernau, founder and CEO of Willamette Valley Vineyards. “In 2020 there was the smoke effect on many growers, and that dramatically cut into the total volumes. Then in 2021 we had a fairly short harvest. In 2022, the early frost had us worried.” And while a late bloom and a late growing season was risky, Bernau notes that the cold and rain held off, so his winery ended up with a 23% increase in harvest yield.

“It turned out to be a great vintage,” agrees Amy Prosenjak, president of Oregon business for Ste. Michelle Wine Estates. “All the winemakers were scared and we kept having to remind ourselves that we’re in business with

PHOTO BY (TOP) ANDREA JOHNSON

PHOTO BY (LEFT INSET) CWK PHOTOGRAPHY; (RIGHT INSET) ANDREA JOHNSON

Mother Nature and just be patient. It turned out that the set really came back and the quality was high; everybody's feeling pretty good across the industry."

The successful harvest is the backdrop to what continues to be a strong demand trend for Oregon wines. The small volume but high value segment of the U.S. wine industry has outperformed overall wine in 12 of the past 13 years, including 2022, Impact Databank estimates. Oregon wines have been riding that wave of premiumization in an environment that has increasingly been favorable to wines priced above $15 a bottle.

Pinot Noir remains Oregon's superstar varietal, accounting for more than 60% of the annual grape crush and an even higher percentage of volume in some of the state's most prominent brands. While Oregon Pinot Noir is world-renowned, other grape varietals are making headway from a much lower base. "We're noticing a sharp interest in white wines from Oregon," Bernau says. "There's a higher interest in Chardonnay from the Willamette Valley, and keen interest in Sauvignon Blanc. The problem is supply."

Prosenjak also points to growing Chardonnay demand. While Pinot Noir might be growing at a 7%-10% rate, she says, Chardonnay is growing at 20%-30%. "People are realizing that Chardonnay grown in Oregon is actually really good," she adds.

King Estate (vineyard pictured) had a strong performance in 2021, growing 23% to 149,000 cases. The brand has stayed in a positive position in the midst of a declining Oregon wine category, due in part to its continued popularity in the on-premise.

Oregon Outperforms

Led by Pinot Noir, Oregon wines continued to outperform the overall wine industry in 2022. Last year, despite the seven leading brands combining for a 0.5% decrease to 1.7 million cases, overall sales increased an estimated 3% to 5.3 million cases—an all-time high for the sector—according to Impact Databank, continuing a long stream of production gains as Oregon wines broaden their appeal to U.S. consumers.

The premium nature and the consumer move toward higher priced wines was evident in the value data. In 2021, the value of Oregon wine grew more than 20%, far outpacing the volume growth. Total wine value reached nearly $900 million in 2022, up from just $470.7 million in 2015, according to Impact Databank. The premiumization trend has thus far stayed strong, says Ryan Harms, founder of Union Wine Co. The company's Underwood brand ($14 a 750-ml.) was the largest Oregon wine in 2021 at 385,000 9-liter cases, but fell to No.-2 in 2022.

After growing vibrantly during the latter half of the 2010s, Harms says Underwood faltered in 2022, with volume down in the high single digits. "Like lots of companies, we took a price increase that was phased and not one moment in time," he says. "We started increasing price at the end of 2021 and in the beginning of 2022, all driven by what's been happening with increased costs in packaging materials, labor, etc. While we know some brands surged even with a price increase, Underwood saw sales slow a little bit." Harms also says the quality of the smoke-impacted 2020 vintage may have been a factor with consumers as well.

Other Oregon brands in the Union Wine portfolio fared better. "When you look to brands that aren't Underwood, there's some green and really nice business," Harms says. "With premiumization taking place, Kings Ridge ($19 a 750-ml.) is going to be up a solid 6%-7%, We started increasing price and it's growing nicely. It's not a huge brand for us but it's showing some healthy growth."

Harms also co-owns Amity Vineyards with his brother, Eric. "Amity is going to be up somewhere between 8% and 9%," he says. "Again these are smaller brands but with high price points and it's nice to see some growth." Amity Pinot Noir retails for $25 a 750-ml.

After Underwood, other leading Oregon wine brands had mixed performances in 2022. A to Z Wineworks gained 1.5% to 380,000 cases, followed by Ste. Michelle Wine Estates' Erath, which fell 1.5% to 320,000 cases in 2022. The two brands now both reside in the Ste. Michelle portfolio after last year's purchase of A to Z. "There are two pieces of integration going on," says Prosenjak. "We're rolling A to Z and it's sister brand, Rex Hill, up to the Ste. Michelle company, then we're also creating this infrastructure where Erath, A to Z, and Rex Hill will all reside. We have separate facilities, of course."

LEADING WINE BRANDS FROM OREGON IN THE U.S.

(thousands of 9-liter cases)

Brand	Company	2017	2018	2019	2020	2021	2022E	AACGR[1] '17-'22E	Percent Change[2] '21-'22E
A to Z	A to Z Wineworks[3]	285	292	313	359	374	380	5.9%	1.5%
Underwood	Union Wine Co.	256	299	389	395	385	360	7.1	-6.5
Erath	Ste. Michelle Wine Estates	234	293	344	314	325	320	6.4	-1.5
Willamette	Willamette Valley Vineyards	135	146	157	181	204	200	8.2	-2.0
Acrobat	Foley Family Wines	156	133	165	165	153	158	0.1	2.8
King Estate	King Estate Winery	113	111	109	122	149	149	6.6	-0.3
Elouan	Copper Cane Wines & Provisions	75	93	106	115	130	140	13.3	7.5
Total Leading Brands[4]		**1,254**	**1,367**	**1,582**	**1,650**	**1,720**	**1,705**	**6.3%**	**-0.8%**

[1] Average annual compound growth rate

[2] Based on unrounded data

[3] A to Z was aquired by Ste. Michelle Wine Estates in September 2022.

[4] Addition of colums may not agree due to rounding.

Source: IMPACT DATABANK ©2023

Prosenjak adds that the company is still strategizing on marketing plans for the two major brands. "We believe that strength is in the numbers," she says. "As we look at this as a whole, we feel we have a lot of value to add." A to Z is being merged into the Ste. Michelle distribution network, requiring moves in 32 markets, she notes.

The Willamette brand from Willamette Valley Vineyards ranked fourth among Oregon wines in 2022 with volume at 200,000 cases, a 2% decline, according to Impact Databank. Bernau says 2022 continued strong and heavy recent investment is expected to pay off in the coming years. "We raised over $40 million in capital from wine enthusiasts over the past five to six years and we've essentially deployed that in the last six months," he says. Bernau says they've "added significantly more winemaking capacity at the winery," opened a sparkling wine facility, and opened three new restaurants and tasting rooms.

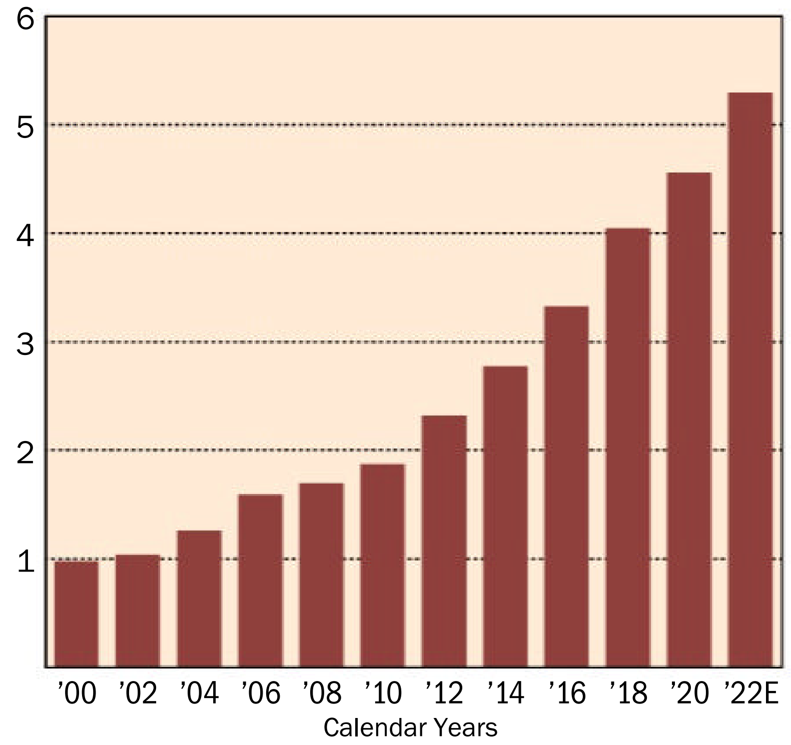
Acrobat, from Foley Family Wines, rose 2.8% to 158,000 cases in 2021, according to Impact Databank. Foley president Shawn Schiffer says both Acrobat and sister brand Four Graces have been challenged by supply issues. "The fires in 2020 essentially knocked out an entire vintage of Four Graces Pinot Noir for us, and then Acrobat Pinot Gris ," he says, noting that Four Graces, at least, is back to full supply, but the loss really slowed down the trajectory of Acrobat. "We've been trying to get a production facility up in Oregon as well, but we've run into some issues. But outside of the manufacturing efficiency perspective, things couldn't be going better for us in Oregon."

At King Estate Winery, COO and winemaker Brent Stone notes that the brand remained in positive territory against the rest of Oregon's declines. King Estate had a strong performance in 2022, with volume growing 4% to 156,000 cases.

Elouan, from Copper Cane Wines & Provisions, also had a positive year in 2021. Owner Joe Wagner says Elouan has come back strong in the on-premise, which is contributing to the positive momentum. "We have a very healthy on-premise business," Wagner says. "We invest a lot into our by-the-glass program; we're running somewhere between a 40% and 45% on-premise share throughout the year, and that's predominantly by the glass. There's a lot of exposure to the wine," driving consumer trial.

OREGON WINE SALES VOLUME IN THE U.S.—2000-2022E*

(millions of 9-liter cases)



*Excludes exports

Sources: Oregon Wine Board and IMPACT DATABANK ©2023

Stone says King Estate is also regaining its footing in restaurants. "Our on-premise business has grown by 8% over the past year," he says. "That's consumers continuing to return to pre-pandemic behavior. Over the next year we're anticipating on-premise growth, getting closer to 35%, which is closer to where King Estate has historically been in the on-premise."

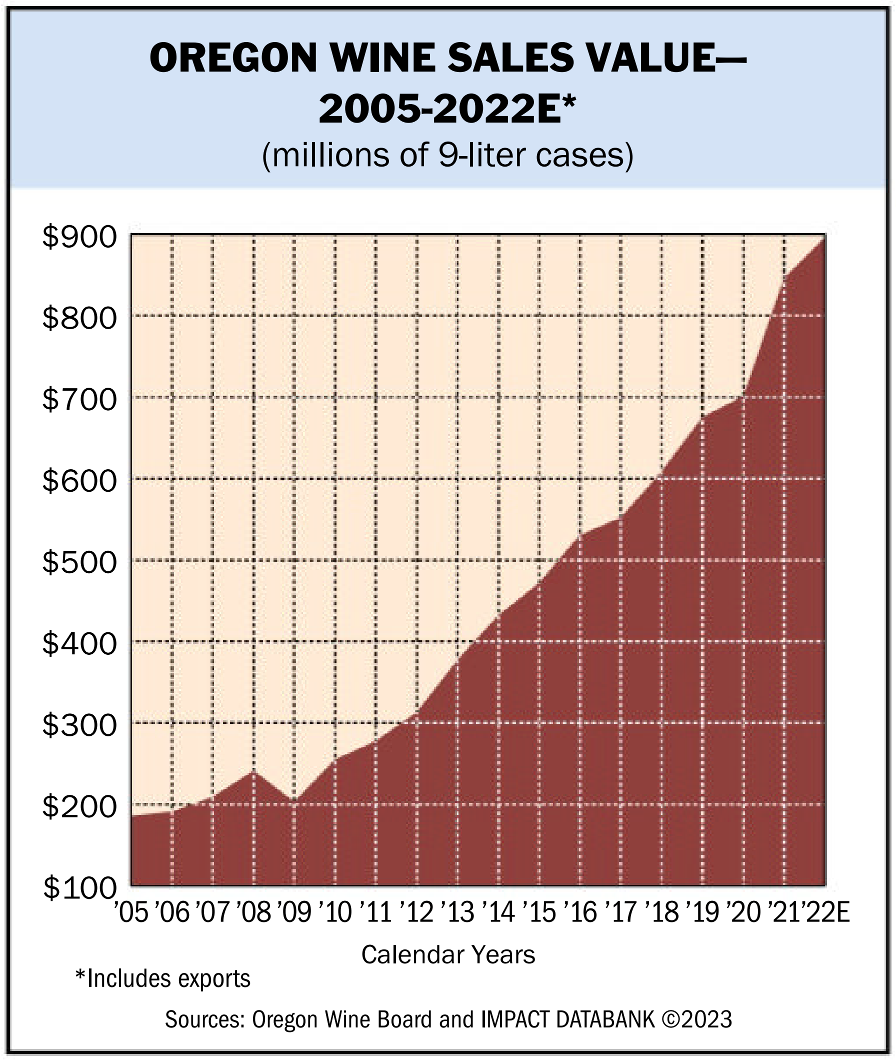
However, at the same time, the off-premise boom due to the pandemic is waning. "You're not seeing the growth from the pantry-loading days of the pandemic, where all people had to do was go shopping and then go home and drink," says Bernau.

From Copper Cane Wines & Provisions (owner Joe Wagner left), Elouan (lineup right) had a strong 2021 thanks to its heavy investment in its by-the-glass program, which has resulted in the on-premise accounting for 40%-45% of the brand's sales.

Bernau also warns that tasting room visitations are down sharply across the entire wine industry, a phenomenon that began in the second half of 2022. The direct-to-consumer channel is being negatively impacted, he says, although others say their DTC sales remain strong.

Economic Uncertainty

Oregon wines have long been known for their premium pricing. Very few brands compete in the under-$12 sector, and most are firmly entrenched in the $15-$25 range, with some higher. That's translated into high value despite relatively low volume numbers.



OREGON WINE SALES VALUE—2005-2022E*
(millions of 9-liter cases)

*Includes exports

Sources: Oregon Wine Board and IMPACT DATABANK ©2023

Most wineries have increased prices in the past couple years to offset the rising cost of labor, grapes, and other materials. Price hikes haven't historically been a problem for Oregon producers, but as economic uncertainty continues in 2023, some wonder how long the premiumization trend will last. "I don't know what's going to happen the first half of this year, but we're looking at it with some concern," says Wagner. "But we're continuing to see that the consumer is trading up, predominantly to between $17 and $50. People are drinking a little less wine but drinking much better wine. We have not seen signs of that really softening."

Wagner is betting on continued strength at the higher end and is launching a Reserve Elouan label this year. "We're looking at the end of the third quarter," he says. "It's going to be a vineyard-designated Pinot Noir priced somewhere around $40 a 750-ml."

Looking forward, it might be a case of less, but better. "People are getting sensitive about spending," Bernau says. "They still drink wine, they just take it out of their cellar. We've seen them draw down what they have at home. Then they forgo some new wine purchases and pull in their horns."

For Union Wine Co., a bit of trading down might be welcome. "We as a company are well positioned at sub-$20 retail," Harms says. "The amount of wine we sell at sub-$15 is significant to our business. So if consumers are looking at trading down, we represent a great value for Oregon Pinot."

When it comes down to it, the sector may not see much of an upheaval as a result of an economic downturn. Wagner points out, for example, that an Oregon wine like Elouan delivers on multiple levels. "In these economic times, and whenever there's some turbulence out there, people are looking for something they can rely upon," he says. "At $19-$20 a bottle, it delivers every bit of luxury that's expected." mw

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Hitting The Mainstream

American single malt whiskies are on the rise—and so are cocktails highlighting them

BY SALLY KRAL

Since 2016 the American Single Malt Whiskey Commission, a group of nearly 100 distillers from across the country, has been working toward the goal of getting the U.S. Treasury Department's Alcohol and Tobacco Tax and Trade Bureau (TTB) to define and recognize American single malt whiskey as a specific category. The group's hard work has paid off: The TTB published the "Proposed Addition of American Single Malt Whiskey to the Standards of Identity for Distilled Spirits" on July 29, 2022. While the TTB hadn't officially rendered a decision as of press time, it's a huge move in the right direction for American single malt, as it would ensure that any spirit labeled American single malt is made from 100% malted barley; mashed, distilled, and matured in one distillery; produced entirely in the U.S.; distilled to a proof not exceeding 160; matured in oak casks not exceeding 700 liters; and bottled at a minimum of 40% abv.

The American single malt category is certainly catching on in the broader spirits industry: In November, Diageo acquired Texas-based American single malt producer Balcones Distilling, and in the same month Jack Daniel's introduced its own take on the category with its Twice Barreled Special Release American Single Malt Finished in Oloroso Sherry Casks ($70 a 750-ml.).

As American single malt whiskey waits to be officially recognized, bartenders are highlighting the American spirit in cocktails like the Season of the Witch (pictured) from Buttery Bar in Brooklyn, New York.

"We've always viewed the rise in American single malt as inevitable," says Mark McLaughlin, co-founder of Old Line Spirits in Baltimore. "It certainly helps that we, as a group of American single malt producers, are on the cusp of defining the first new category of American whiskey in decades. It's pretty momentous and I think it lends a lot of credence to what we're doing."

It certainly is an exciting time to be a producer and fan of American single malt, and as the category continues to gain more recognition, it's becoming more commonly featured in cocktails at U.S. bars, which will likely only further its reach with consumers. Mike Vacheresse, owner of Travel Bar in Brooklyn, New York, has been a big proponent of American single malts and currently carries 35 of them at his bar. "I love seeing that the young upstarts—like Stranahan's in Denver—now have stock that's much older, which means these smaller brands that've been producing for a long time can now lower their price, and that's where cocktails have come in, because now I can afford to make a cocktail with American single malt," he says. "And now with the major brands entering the category, hopefully American single malt whiskey will take off even more—I think it's certainly worthy."

Baltimore's Old Line Spirits showcases its American single malt in such drinks as the American Scofflaw (pictured), which pairs the spirit with vermouth, grenadine, lemon juice, and bitters.

Covering New Ground

American single malt may only be a few decades old, but from its tiny base, it's the fastest growing U.S. whiskey segment right now. And as bartenders and consumers continue to be drawn to new products and drinking experiences, American single malt is making its way onto more cocktail menus. "I've found myself gravitating away from Bourbon-based cocktails because of how sweet the spirit can be when mixed with any other sweet ingredient, but American single malt, being 100% malted barley compared to the 51% corn in Bourbon, has complex earthy notes without the extra sweetness," says Katie Bruce, owner of The Buttery Bar in Brooklyn, New York. Her cocktail The Season of The Witch ($15) comprises F.E.W. single malt, Green Chartreuse liqueur, pineapple and lime juices, and Scrappy's Cardamom bitters.

CLOCKWISE FROM TOP LEFT: *American single malt features in the Lucky Charm from Multnomak Whiskey Library in Oregon; the Malted American Trilogy from Merchants Cigar Bar in New York City, and the Tiki Old Fashioned from Travel Bar in Brooklyn, New York.*

American single malt is indeed distinct from Bourbon, and although it shares characteristics with Scotch, Irish, and Japanese whiskies due to its malted barley base, it's truly its own style, making it an exciting new frontier for bartenders to explore. "It's a new category so it's refreshing for me to be able to use a base spirit that's made in America but doesn't have the standard profile of traditional American spirits," notes Sara Rosales, co-owner and bar manager of Lady Jaye in Seattle. "Its distinct flavor holds up in cocktails and isn't easily lost to bold amari or rich ingredients, which makes it fun to mix with." Her drink The Native Local ($15) showcases all locally produced ingredients: Westland American Oak single malt, Woodinville Bourbon, Fast Penny Amaricano amaro, Sennza Finne Summer amaro, and house-made licorice bitters.

"The Pacific Northwest is an ideal state for barley production—it's even known as the 'breadbasket' of America—and I'm lucky to have two amazing single malt distilleries in Seattle with Westland and Copperworks, both of which I feature on my cocktail menu," Rosales adds. "Westland in particular has been taking great strides to innovate this category." Her The Earth Says Hello ($15) blends Westland Colere Edition 2, Cocchi Vermouth di Torino, Luxardo Maraschino liqueur, and Scrappy's Black Lemon bitters, while her Dirty Copper ($15) mixes Copperworks American single malt, Campari aperitif, Cocchi Vermouth di Torino, house-smoked Bigallet China China Amer liqueur, and Fee Brothers Orange bitters.

"American single malts are slowly making their way up in the premium whiskey drinker's catalog, and it's a fantastic thing for the style," says Jared Kelly, head bartender at Merchants Cigar Bar in New York City. "There haven't been too many to break into the mainstream market yet, but the

PHOTO BY (BOTTOM) DAVID WOLCHECK

folks over at Westward Whiskey in Portland, Oregon, have a fantastic version that's distinct enough to stand on its own while still being fantastic for mixing up a drink." His Malted American Trilogy ($18) features Westward American single malt, Lairds Straight Apple brandy, demerara syrup, Hella Cocktail Co. Orange bitters, and Angostura bitters. "This is easily my favorite American single malt cocktail so far—the wooded, malty tones of the whiskey play nicely with the apple brandy to make a crisp and smooth cocktail."

At Paso Robles, California bar The Alchemist Garden, the Roses Are Red (pictured) uses St. George Baller single malt, a favorite of bar director Tony Bennett because it features floral and honey notes along with smoke.

PHOTO BY SARAH KATHLEEN

Many bartenders note that American single malt is filling a hole in the whisk(e)y industry. "For a long time it felt like there was Scotch and Irish whisk(e)y on one side and Bourbon and rye on the other, with this big gap in between—American single malt bridges that gap nicely," says Brett Adams, spirits curator and education manager at Multnomah Whiskey Library in Portland, Oregon. "The category is rather broad at the moment—and hopefully will be into the future—and so you likely won't be able to just swap it in perfectly in a cocktail previously made for Bourbon, so it's important to know the spirit you're using and make tweaks as you go." His Curio ($25) comprises McCarthy's Oregon single malt, Carpano Bianco vermouth, Yellow Chartreuse liqueur, and Clear Creek Pear brandy, while his Lucky Charm ($25) features McCarthy's, Carpano Dry vermouth, Clear Creek Framboise liqueur, Ancho Reyes chile liqueur, cane syrup, lime juice, egg white, and Angostura bitters. "McCarthy's has a unique richness to it—compared with similarly aged peated Scotches, there's a dark, fruity, coffee note on the front palate of the McCarthy's that others don't possess," Adams adds. "It's also different than the dried fruit notes from Sherry barrels and feels more intertwined with the core of the whiskey, unlike the more tacked-on sweetness one gets from finishing in a Port cask."

Chicago-based distillery Judson & Moore offers its single malt in various classic cocktails at its distillery bar, like the Single Malt and Soda ($11), mixing Judson & Moore single malt with house-made reverse osmosis soda water, and the Rob Roy ($15), blending

American Single Malt Whiskey-based Cocktails

LUCKY CHARM
By Brett Adams

Ingredients:
1½ ounces McCarthy's Oregon single malt whiskey;
½ ounce Carpano Dry vermouth;
¼ ounce Clear Creek Framboise liqueur;
¼ ounce Ancho Reyes chile liqueur;
½ ounce 2:1 cane syrup;
½ ounce lime juice;
½ ounce egg white;
Several drops Angostura bitters.

Recipe:
In a cocktail shaker, combine whiskey, vermouth, liqueurs, syrup, juice, and egg white. Dry shake, then add ice and shake again. Strain into a coupe glass and garnish with several drops of Angostura bitters across the top.

TIKI OLD FASHIONED
By Mike Vacheresse

Ingredients:
2 ounces Westland Sherry Cask American single malt whiskey;
⅛ ounce Orgeat Works Macadamia Nut syrup;
5 dashes El Guapo Polynesian Kiss bitters;
Lemon twist.

Recipe:
In an ice-filled mixing glass, combine whiskey, syrup, and bitters. Stir and strain into a double Old Fashioned glass over a large ice cube. Garnish with a lemon twist.

ROSES ARE RED
By Tony Bennett

Ingredients:
2 ounces St. George Baller single malt whiskey;
½ ounce rose hip liqueur[1];
2 droppers 25% saline solution;
Top club soda;
Lemon peel;
Edible orchid flower.

Recipe:
In an ice-filled Collins glass, build whiskey, liqueur, and saline. Carefully pour in club soda down the inside edge of the glass, avoiding the ice as much as possible to preserve the bubbles' integrity[2]. Express a lemon peel over the drink, then discard. Garnish with an edible orchid flower.

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[1] Muddle and break up 33 grams dried rose hip buds with a mortar and pestle to release the fibers. In a glass jar, add crushed rose hip, 10 grams fresh lemon peel, 6 grams fresh orange peel, and 1 liter Ketel One vodka. Store in a cool, dark location for 5 days, agitating daily. Strain through a cheesecloth and mesh sieve. Mix 300 grams of the strained rose hip base with 300 grams filtered water and 300 grams granulated white sugar until sugar has fully dissolved. Bottle and store for up to 6 months refrigerated.

[2] Tip: Using a spoon with the tip up against the edge of the inside glass will help to gently fill the glass and release the aromas of the whiskey and rose hip.

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the single malt with Cocchi Vermouth di Torino and Angostura bitters. "Malt whiskies range from non-smoky to heavily smoked, so give some thought to how the smoke level will influence the overall cocktail," notes Elise Bergman, who serves as brand manager and co-owns the distillery with her husband and head distiller Collin Moore. "Our single malt is young, delicate, and distillate forward. A portion of the malt is applewood smoked, but the smoke isn't overpowering."

In Baltimore, Old Line Spirits—co-founded by Mark McLaughlin and Arch Watkins—is showcasing the versatility of American single malt through cocktails at The Ready Room, the distillery's bar. The American Scofflaw ($12) features Old Line American single malt, Yzaguirre Blanco vermouth, house-made grenadine, lemon juice, and Embittermment Orange bitters, while the Old Charm Square ($11) comprises the single malt, Caffo Miss Dominique brandy, Cocchi Vermouth di Torino, Bénédictine herbal liqueur, and Peychaud's and Angostura bitters. "The Bourbon and rye space has mostly been explored and people are curious about what this new category can bring to the table, and once they try American single malt they discover that its complexity and versatility is fantastic," Watkins notes. "Additionally, there's always something enticing about Americans taking an Old World concept and putting a New World polish on it."

Flavor Freedom

McLaughlin points out that malted barley can deliver a wide range of flavor profiles depending on how the grain is malted—far wider than corn or rye, he says. "Our American single malts showcase several prominent flavor profiles including caramel, baking spices, toffee, dark chocolate, and a touch of stone fruit," he adds. "These flavors lend themselves to a wide array of cocktail possibilities."

Echoing this, Travel Bar's Vacheresse notes that because American single malt is so new and there's a lot of experimentation going on, it doesn't have a set flavor profile. "Bourbon has vanilla and baking spices—I don't think there are those words yet to decipher what American single malt tastes like, and that's a great thing in my opinion," he says. "What really makes it unique is that cereal note from the malted barley, but beyond that the flavors can range drastically. When I taste the Baller from St. George, for example, it has that great ume flavor in it from the finishing in umeshu casks, but it's not too prominent so it's easy to build on in a cocktail." His Triple Plum Highball ($15) mixes St. George Baller, Meletti amaro, Matsui Plum liqueur, and La Croix Beach Plum sparkling water. His Tiki Old Fashioned ($15), meanwhile, features Westland Sherry Cask, Orgeat Works Macadamia Nut syrup, and El Guapo Polynesian Kiss bitters. "I've served Westland for many years and the Sherry Cask is a perfect fit for this cocktail," Vacheresse adds. "It's just three ingredients but it has really interesting flavors, it's like a mind tease."

Stuart Weaver, general manager at Lady Jane in Denver, notes that malt whiskey is his favorite style because of its nuance and diversity of flavor. "The craft and skill of Bourbon comes from the mastery of a rigorous barrel and aging program, along with blending and developing the perfect mashbill—since single malts only consist of barley, the quality of the raw material is paramount and then the distillation process itself shapes the whiskey into what it will become, so there's nowhere to hide," he says. "The barley itself makes such a big difference and then you have peated and unpeated styles and a vast array of barrel finishes, and more. There are so many directions you can go in with a cocktail."

At The Alchemist Garden, the Ouroboros (pictured) mixes St. George Baller with a number of house-made ingredients, including blackberry syrup, ginger syrup, and falernum liqueur.

PHOTO BY SARAH KATHLEEN

Weaver adds that Laws Whiskey House's Henry Road straight malt whiskey is one of his favorites. "The heirloom Colorado-grown barley in this single malt really shines," he says. "When I first put my nose to it, I got a face full of bright, fresh green apples followed by delicate spice, notes of caramel and

CLOCKWISE FROM TOP LEFT: ***Locally made American single malt whiskeys are seen in cocktails such as The Native Local from Seattle's Lady Jaye along with the Time & Again and Valley Road from Denver's Lady Jane.***

honey, with a lingering finish of pipe tobacco. My immediate thought was that it would be perfect in a spiced apple sour." His Valley Road (price varies) is said sour: It comprises Laws Whiskey House Henry Road, house-made spiced honeycrisp apple syrup, simple syrup, lemon juice, and Angostura bitters. "The whiskey accentuates the flavor of the apple while providing it with a beautiful malty backbone, and the cardamom, allspice, clove, and cinnamon in the spice blend of the syrup pair perfectly with the caramel, honey, and toasty barrel notes of the whiskey," Weaver adds. His Time & Again (price varies), meanwhile, mixes the Henry Road with Avuá Amburana Cachaça, diluted maple syrup, and Bittermens Xocolatl Mole bitters for a unique take on the Old Fashioned build.

Tony Bennett, bar director and co-owner at The Alchemist Garden in Paso Robles, California, also notes the variety to be found in American single malt. "Some can be soft and gentle, and others will make you feel like you're around a campfire," he says. "Certain malts show more chocolate than others, so bring that out with a subtle dash of bitters as opposed to something heavier. Use darker sweetening agents if it shows more wood influence. Smoky? Try balancing it with something sharp like fresh ginger syrup. There are so many directions a spirit like this can go in."

St. George Baller is Bennett's current favorite. "I love its unique characteristics of Japanese influence in American style, which is what this category is all about," he says. "The lingering smoke beckons you back, just to re-indulge the crisp honey notes on the palate. It's heavy enough to stand up in acidic cocktails as well as on its own in a spirit-forward variation, somehow maintaining this beautiful floral characteristic reminiscent of classic Japanese whisky." His Roses Are Red ($18) blends the whiskey with house-made rose hip liqueur, saline solution, and club soda, while lead bartender Edwardo "Lalo" Padilla's Ouroboros ($16) mixes it with pineapple, lemon, and lime juices, house-made rich blackberry and ginger syrups, and house-made falernum liqueur, topped with a liquid nitrogen float. "The constant growth in whiskey and ever-changing styles in American distillers ensures that we'll see some talented people working with these products for years to come," Bennett adds. "I look forward to tasting them all along the way."

PHOTOS BY CONNOR STEHR

50

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With allocated spirits more popular than ever, many retailers, including two-unit Molly's Spirits in Colorado (pictured), utilize raffles to sell in-demand bottles to customers.

MANAGING THE HUNT

Retailers get creative in their efforts to balance allocated spirits sales to a loyal customer base

BY TERRI ALLAN

Despite ongoing shortages of small-volume Bourbon releases, allocated items play a key role in making spirits retailers relevant to Bourbon drinkers. "Stores that don't overcharge earn the respect and loyalty of their customers," says Scott Niecko, co-owner of Michigan's Mega-Bev chain. "And that respect is the key to long-term growth."

Indeed, limited supply of sought-after Bourbons and other spirits is frustrating for consumers and retailers alike. And while some retailers may capitalize on shipments of the coveted products with sales at exclusive price points where legal, others are opting for tactics built on ensuring fairness to all customers and aimed at building the stores' reputations. Increasingly, licensed beverage retailers are getting creative when it comes to divvying up allocated spirits, with practices ranging from full-scale store events to tie-ins with loyalty and single-barrel programs to raffles and even charity auctions.

Allocation sales at South Carolina's Southern Spirits usually attract about 350 people, many of whom get in line (pictured) immediately upon receiving word of the event the day before.

At Southern Spirits, a 12,000-square-foot store in Indian Land, South Carolina, not far from the North Carolina border, a Saturday morning allocation event takes place every four to six weeks. "We send out a message the day before on social media, and customers will immediately begin to line up, camping out overnight," says general manager Drew Podrebarac of the first-come, first-served event. The sale typically attracts about 350 people, and each one of them is entitled to purchase one bottle, and sometimes two, all priced at the MSRP. Southern Spirits capitalizes on the event, which typically features the likes of Buffalo Trace, Bulleit, and Old Forester releases, via add-on sales, including its single-barrel offerings. Looking ahead, the South Carolina store is pursuing a mobile app that will allow attendees to simply remain on store property without having to line up in the hours leading up to the event, Podrebarac reveals.

JJ's Wine, Spirits & Cigars in Sioux Falls, South Dakota also leverages allocated whiskies as a tool to drive sales of its single-barrel spirits program. Each year, customers who have earned their way onto the store's allocation list—by being members of JJ's VIP rewards program and purchasing its single-barrel offerings, along with other whiskies—are notified that they qualify to make a purchase in December. The sought-after whiskies are then sold at MSRP, generally $25-$130 a 750-ml. "It gives our customers the opportunity to sample some really great products that we stand behind and enjoy their whisk(e)y journey, while allowing us to drive profits from the single barrels," owner Tom Slattery says, noting that the store doesn't make much money on the allocated spirits due to their small volume. JJ's approach to the limited releases "allows us to focus on fans of high-quality whisk(e)y and our good patrons who participate in the store and its activities," Slattery adds.

JJ's also holds a weekly raffle, whereby customers who have earned tickets through various means, such as the purchase of a whisk(e)y flight at the venue's bar, can also win the chance to purchase a special bottle. Recent weekly raffle offerings included Weller Special Reserve ($35 a 750-ml.) and New Riff Balboa rye ($51).

A Chance To Buy

Many retailers now utilize raffles as a solution to the allocated spirits conundrum. At Molly's Spirits in Colorado, twice-yearly virtual raffles allow winners to purchase rare bottles such as Pappy Van Winkle, W.L. Weller, and Elijah Craig at retail price. Under the system, customers who are members of the stores' Spirits Club earn one raffle ticket for every $500 they spend in a six-month period. According to Justin Marcotte, liquor manager at Molly's Lakeside, Colorado store, "the nice thing about the raffle is that it rewards our regular customers," as compared to a system that attracts bottle hunters from outside the area. Indeed, previous approaches employed by the retailer included auctions and raffles available to anyone, programs that "didn't take care of our regular customers," Marcotte notes. The current system also helps build Molly's loyalty program, as membership has grown 20% since implementation.

The New Hampshire Liquor Commission (NHLC), meanwhile, which operates nearly 70 Liquor & Wine Outlets in the Granite State, recently awarded a lot of 16 limited-edition whiskies, along with other prizes, in a charity lottery that benefitted Best Buddies New Hampshire, a non-profit organization aiding individuals with intellectual and developmental disabilities. As part of the effort, 2,500 raffle tickets were offered at $100 each, with all proceeds—$250,000—earmarked for Best Buddies. The raffle's winner scored bottles of Pappy Van Winkle 23-Year-Old Family Reserve Bourbon, E.H. Taylor 18-Year-Old Marriage Straight Kentucky Bourbon, and Sazerac 18-Year-Old Kentucky Straight rye. The lot carried a secondary-market value of more than $40,000, according to the NHLC.

FULL PROOF
1792
YELLOWSTONE
STAGG
Blanton's

In Sioux Falls, South Dakota, JJ's Wine, Spirits & Cigars offers allocated spirits (pictured) each December to customers who've earned their way onto the store's allocation list.

Indiana's Belmont Beverage has also come up with a tactic to fairly distribute unicorn bottles while also aiding local charities. Starting in 2015, the 35-unit chain began hosting charitable auctions at three of its locations with meeting spaces that can accommodate about 100 people each. Attendees are charged $25, and in return receive a Belmont gift card in the same amount. About 30 lots are showcased at each auction, each priced at MSRP, plus tax. Anything raised beyond that is donated to local non-profit organizations. Professional auctioneers donate their time to run the events.

"At the first auction, we donated $13,650 to a charity," says Gary Gardner, Belmont's operations manager. An auction in South Bend, Indiana earlier this year netted a local cancer charity $55,000. Since launching the auctions seven years ago, the liquor store chain has donated $562,000 to local charities, Gardner notes.

In addition to benefitting the organizations, the auctions help to bring people to the stores, the retailer explains, as attendees are hosted at a pre-event Bourbon tasting and will often peruse store shelves. Belmont marketing manager Marc Gernhardt says some lots have proven to be highly coveted. He points to a recent six-bottle lot of W.L. Weller with a combined retail price of $300. "It fetched $3,000 at the auction," he says.

Other retailers, meanwhile, have found that simply placing allocated bottles on store shelves without any fanfare is the fairest approach, and one that often creates in-store excitement. Southern Spirits will sometimes hide bottles of Pappy's or E.H. Taylor on store shelves during the Saturday allocation events, and according to Podrebarac, it creates "an Easter-egg hunt atmosphere."

Mega-Bev, with seven stores in Michigan, has been using this approach for the last seven or eight years, and places special finds on store shelves weekly. "Once the practice of collecting and/or reselling Bourbon became popular, we had to come up with a way to make sure all of our customers had an equal opportunity to obtain rare bottles," says Niecko, noting that spirits raffles aren't permitted in the state. "Customers who come across rare bottles like it, but those that don't aren't fans of the tactic," he says, adding that the consumers with the best luck finding bottles are often dedicated Bourbon hunters whose schedules allow them to frequent stores on a daily basis.

Help On The Way

For the short term, most spirits retailers say they don't expect demand for highly sought after products to abate, and their own access to the labels will remain complicated. "Access is getting more difficult because now there are more people looking for these products," says Marcotte of Molly's. "A good portion of these consumers enjoy good Bourbon, but there's a small percentage who buy them to show off to their friends or as an investment with plans to flip."

Longer term, Marcotte and others point to the recent and ongoing expansion at many distilleries and suggest that enhanced supply may be coming, and retailer management of allocated shipments may ease. "The flood is coming," says Podrebarac. "It will be a sad day for those retailers who find themselves sitting on hundreds of cases of allocated spirits," rather than distributing to customers now. "That's why we take the approach that we do."

DEMAND AT THE DISTILLERY

It's not just beverage alcohol retailers who have set in place creative approaches to distributing allocated spirits to demanding consumers, but distilleries as well. For the last few years, Four Roses Distillery has been offering a lottery draw to give consumers the opportunity to purchase a bottle of its Limited Edition Small Batch at the Lawrenceburg, Kentucky distillery.

According to Brent Elliott, master distiller, "Demand for the lottery increases every year. There's heightened interest among consumers to secure a bottle at the distillery." Under the program last year, consumers whose names were randomly selected in a lottery in late summer had until October 16 to pick up their bottle of the 2022 Limited Edition Small Batch. "The majority of the release, about 14,000-15,000 bottles, will be available on the open market," Elliott notes.

The Four Roses lottery draw replaced a previous first-come, first-served system, whereby throngs of consumers would descend upon the distillery for a one-day release. "People would line up, and many would leave disappointed," the distiller notes. While the lottery may also lead to disappointment for some, it at least saves them a trip to the distillery for naught, Elliott explains. "There are pros and cons to each approach," he concedes. "In a perfect world, it would be the people who want it the most who get it."

2022
Four Roses
Limited Edition
BARREL STRENGTH

One Millionth Old Fashioned
KORBEL CALIFORNIA BRANDY
Old Style

American Brandy Awakens

This sleepy category is primed for revitalization

BY SALLY KRAL

Compared to every other major spirits segment, American brandy is significantly behind in 9-liter case depletions and has continued to see those depletions chip away each year since a high of 7.5 million cases in 2015, according to Impact Databank. Despite most brands experiencing slight but steady losses over the last several years, the top players have held onto their market share. Paul Masson was the only brand in the top five to post gains in 2022, up 7.3% to 2.15 million cases. Category leader E. & J. slipped 3.8% to 2.5 million cases, while No. 3 Christian Brothers was down 3% to 1.2 million cases, and No. 4 Korbel fell 4.7% to 260,000 cases.

For Christian Brothers owner Heaven Hill, the current strategy is along the lines of "if it isn't broken, don't fix it," according to senior brand manager MaryCrae Brotzge. "We're currently focused on maintaining the brand's positioning in both on-premise and off-premise locations, with an eye toward reaching our core customer base through similar marketing strategies that have proven successful in years past," she says. "Brand familiarity helps greatly in a competitive

Old Style
Old Style
1,000,000
KORBEL
1,000,000
KORBEL
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KORBEL

Playing off its popularity in Wisconsin, Korbel (bottle lineup above) has launched a campaign called 'What Up North Tastes Like,' which highlights the Brandy Old Fashioned and solidifies its position as the official brandy of the Wisconsin Old Fashioned (event left).

market—consumers are drawn to the brands on shelves they've known for decades."

The strategy is similar for Korbel brandy, where president and owner Gary Heck says the brand has intentionally continued its core campaign and product lineup over the last year, pointing out that consumers are looking for products they know and trust. Further, Korbel focuses its marketing efforts on the states that most enjoy the brand, most notably Wisconsin, which accounts for half of Korbel's brandy sales because of the popularity of the Brandy Old Fashioned cocktail. "With that in mind, we recently launched a new campaign for Korbel brandy, 'What Up North Tastes Like,' and we're now the official brandy of the Wisconsin Old Fashioned," he says. "This Northern-focused campaign helps solidify our position in the marketplace and focuses our efforts where consumers are most engaged with our brand."

At Pascale's Liquor Square in Syracuse, New York, Korbel is the best-selling American brandy ($16 a 1-liter), followed by Christian Brothers ($12), Paul Masson ($23 a 1.75-liter), and E. & J. ($23). The store carries ten different brands that in total account for 10% of store sales. "We find American brandy sales are about the same as in the past, though flavored brandies like E. & J. Apple and Paul Masson Peach never recovered after Covid-19," says store manager Scott Berlew. "We see our customers returning back to basics, hence shying away from the fruit flavors that were big pre-pandemic, and now with inflation, customers are sticking with what they know."

Meanwhile, E. & J. ($7 a 375-ml.; $12 a 750-ml.), Christian Brothers ($22 a 1.75-liter), and Paul Masson ($19) are also the top three selling American brandies at Joe's Beverage Warehouse, which has two stores in the Chicago suburbs. "In my 17 years of experience in the beverage alcohol business, I've always seen the brandy customer as a value shopper," says co-owner Ammar Sheikah. "We have a robust selection of brandy, with well over 50 different brands, but we only carry about 15 American brandies at any given time. They make up a third of total brandy sales, but aren't even in the same hemisphere as our top categories, like Tequila and whiskey. We sell, no exaggeration, 50 times more Tequila than American brandy, and it's the same for whiskey."

Sheikah adds that he carries craft American brandies like Kentucky-based Copper & Kings and California-based St. George, but they're being severely outpaced by the value

Small craft brandy players like Copper & Kings (still top; Copper & Kings Butchertown bottle pour above)—which Constellation Brands fully acquired in 2020—are currently being outpaced by larger brands, but some retailers believe craft brandies will eventually have the same moment that craft whiskey and Tequila are having.

brands. "That's to be expected—craft brandy hasn't really arrived yet," he says. "Most people are still discovering small American whiskey and Tequila producers and the quality they bring to the table."

Even so, small craft and artisan brandies—and even some larger players—are betting big on the category getting the same premiumization push that other spirits categories have been experiencing for years.

"I'm interested to see if Constellation Brands can turn top shelf American brandy into a real thing with Copper & Kings, and I'm also interested to see if Sazerac will shake things up now that they own Paul Masson—big corporations like them will have the resources to experiment," Sheikah says. "We might one day see words like single barrel, barrel proof, and uncut regularly used to describe American brandy. I see no reason why that can't happen."

Vying For Space

Spirit of Gallo is another larger player invested in American brandy's super-premium future with its Germain-Robin and Argonaut brands, having opened its stand-alone brandy tasting room the California Brandy House in November 2020 to focus on growing these brands. So far, it seems to be paying off.

Argonaut is marketed for cocktails, with bartenders serving as key ambassadors, and while the brand took a hit during the pandemic along with the on-premise, 2022 brought with it a rebalance, notes Britt West, vice president and general manager of Gallo's spirits division. "Argonaut depletions were up 110% in the on-premise at the start of the third quarter of 2022, indicating to us increased cocktail utilization throughout the year," she says. "On-premise advocacy is very important to us with Argonaut, but as a local brand we do have to get creative with our marketing tactics and areas of focus." A few years ago, Gallo introduced a collective called "The Argonauts," a group of top California bartenders who the company educates on the grapes-to-glass process and history of brandy in cocktails, equipping them to advocate to their guests with this knowledge.

"Germain-Robin fills a different consumption occasion, most frequently poured neat," West adds. "Introducing three Single Barrel expressions in California, Illinois, and New York has been exciting for brandy lovers and collectors, and we'll continue to introduce new selections as our distillers find barrels that merit being released as a single cask." These expressions included the Single Barrel Pinot Noir Aged 19 Years, Single Barrel Viognier, and Single Barrel Riesling (each $250 a 750-ml.). After doubling growth in 2021, Germain-Robin posted modest growth through August 2022, according to West, but at press time was poised to finish 2022 strong.

"Innovation is extremely important to us, as it's our opportunity to show off these brands and hopefully widen our audience of brandy drinkers by offering something that appeals to more consumers—which is why we're excited to have a lot in the pipeline for both brands in the coming years," West says. "For Argonaut, we plan to introduce our third edition of The Claim ($200 a 750-ml.) as well as our Saloon Strength expression, beloved by bartenders for its

AMERICAN BRANDY—LEADING BRANDS IN THE U.S.[1]

(millions of 9-liter case depletions)

Brand	Distiller	2017	2018	2019	2020	2021	2022E	AACGR[2] '17-'22E	Percent Change[3] '21-'22E
E. & J.	Spirit of Gallo	3.0	3.0	2.9	2.9	2.7	2.5	-3.4%	-3.8%
Paul Masson	Sazerac Co.	2.0	2.0	2.0	2.1	2.0	2.2	1.7	7.3
Christian Brothers	Heaven Hill Brands	1.1	1.2	1.2	1.2	1.2	1.2	1.1	-3.0
Korbel	Brown-Forman Beverages Worldwide	0.3	0.3	0.3	0.3	0.3	0.3	-1.6	-5.4
Leroux[4]	Phillips Distilling Co.	0.1	0.1	0.1	0.1	0.1	0.1	-1.8	-5.9
Hiram Walker[4]	Pernod Ricard USA	0.1	0.1	0.1	0.1	0.1	0.1	-6.6	-19.0
Total Leading Brands		**6.7**	**6.6**	**6.5**	**6.7**	**6.4**	**6.4**	**-0.9**	**-0.6**
Other Brands		0.5	0.5	0.5	0.5	0.5	0.6	1.9	6.5%
Total American Brandy[5]		**7.2**	**7.2**	**7.1**	**7.2**	**7.0**	**7.0**	**-0.7%**	-

[2] Average annual compound growth rate
[3] Based on unrounded data
[4] Flavored brandy only (excludes cordials/liqueurs)
[5] Addition of columns may not agree due to rounding.

Source: IMPACT DATABANK ©2023

versatility in cocktails, into retail in 2023. We think the Saloon Strength, at 45.5% abv, appeals to American whiskey drinkers, and can welcome cocktail curious retail consumers into the California brandy category at a $38 price point."

Constellation is making a bold move to claim the cocktail space in Wisconsin, where Korbel currently reigns supreme. In November the brand announced its three-year deal with the Green Bay Packers, including activation on-site at Lambeau Field, where the brandy will be available in concession and bar locations throughout the stadium, including in cocktails for $11.50. Additionally, the brand will offer brandy samples and small bites from the Copper & Kings Rooftop Bar and Restaurant. "We're excited about this partnership and the opportunity to engage with brandy drinkers in the top U.S. brandy market, Wisconsin," says head distiller Brandon O'Daniel. "We also hope to expand the partnership to the on- and off-premise that take it beyond the state and into other Copper & Kings markets."

Reaching cocktail makers and fans is a key strategy for many craft American brandies. "Cocktail culture has been a key contributor to our growth—bartenders really gravitate towards the authentic, true-to-fruit flavor from our Pear brandy as it brightens their creations without adding sugar," says Scott Schiller, CEO at St. George Spirits, which has Pear ($40 a 750-ml.), Raspberry ($40), and California Reserve Apple ($55) brandies, plus the Aqua Perfecta Basil eau de vie ($40). "While the brandies represent a relatively small base in our portfolio, we experienced an excellent 30% growth in 2022, which we expect to grow another 10% in 2023."

David Ballew, president and CEO of Oregon-based Hood River Distillers, producer of the Clear Creek brandies line (which averages $50 a 750-ml.), has been pleased with Clear Creek's resiliency despite being impacted by the pandemic shutdown. "Over the past two years, performance has been solid with 30% growth over that time, and stronger retail performance paired with the on-premise's rebound have built a strong foundation for future growth," he says. "Clear Creek was one of the first craft distilleries established in the U.S. and has produced world class fruit brandies since 1985, and it's time for us to re-claim our birthright. We've used 2022 to invest in and build the foundation for that reclamation, which will hit in 2023, including a refined and refreshed package, single barrels of Old Delicious, a 12-year-old apple brandy, and the possible release of a new eau de vie. It will be a big year for Clear Creek."

Pear
BRANDY
Apple
BRANDY
Cranberry
LIQUEUR
Douglas Fir
BRANDY

Not all craft brandies are struggling to keep up. Clear Creek (lineup pictured), a line of fruit brandies that has been available since 1985, has posted consistent gains in recent years and remained resilient despite the pandemic, which rattled most of the spirits world.

CALIFORNIA
BRANDY
HOUSE

Spirit of Gallo is investing in the future of its super-premium brandies Germain-Robin and Argonaut by capitalizing on the brands' on-premise popularity. The wine and spirits player recently opened a stand-alone brandy tasting room in the California Brandy House (pictured).

Placing Bets

Ballew adds that while the numbers are small overall, he's definitely seeing positive trends in super-premium American brandies. "Consumers are learning that there's a big world of brandies outside of those value brands," he says. "There's interest in unique releases, diverse product offerings, and regional sourcing of raw materials. As the public becomes more curious, educated, and experienced, the potential of super-premium brandies will continue to grow and become an even more viable category."

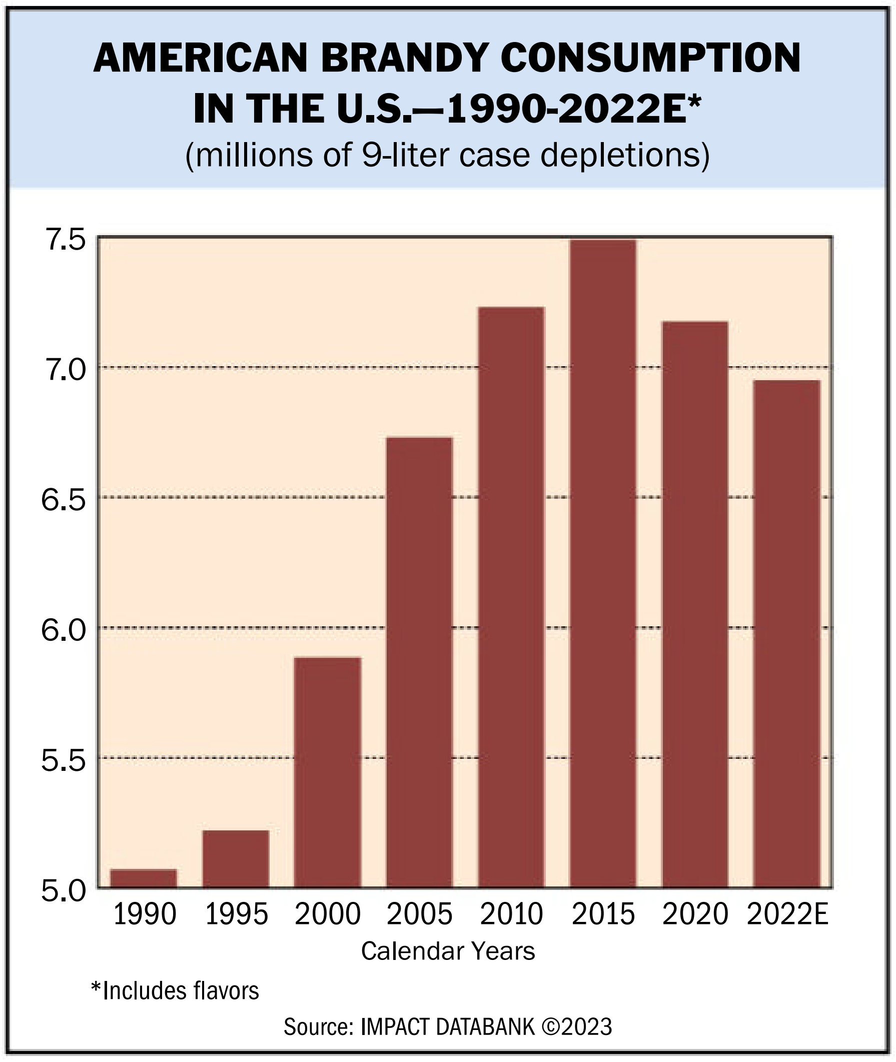
Ballew says that Clear Creek is increasing its marketing and sales initiatives as it launches the new packaging, and this winter they're crushing the greatest volume of pears in the distillery's history. "We're placing a bet on the future of super-premium American brandy, and in particular, fruit brandy's place in that," he says. "We're very bullish on the growth of Clear Creek in 2023 and beyond—we're excited about the future."

Julious Grant, chairman and CEO of The Brand House Group, certainly believes in super-premium brandy's future. He's the creator of the new American brandy label Omage, which debuted on the market in October 2021. "Omage is the result of my passion for Cognac and mission to perfect a super-premium U.S. brandy produced using the Cognac method," he says. "I'm paying homage to French tradition, but with a California grape-forward style."

Grant says that Omage is the first American brandy produced using the Cognac method, but with some key distinctions to produce a taste profile that differs from other American brandies on the market. Omage, which is available in VS ($26 a 750-ml.), VSOP ($36), and XO ($90), uses a blend of four grape varietals, all but one differing from the higher acidity grape varietals used in Cognac; it's distilled using both pot and column stills, where Cognac only uses pot distillation; and it's aged in both charred and toasted American Bourbon and French oak barrels compared to Cognac's French oak aging, which Grant says reduces the sweetness often found in other American brandies.

"Our marketing strategy is primarily grassroots-driven, working closely with key retailers both off- and on-premise in each market," Grant adds. "We're focused on visibility and sampling at point of purchase and have found tremendous success when the consumer gets a chance to taste Omage." He notes that the brand is seeing exceptional growth in markets like Tennessee, Florida, and South Carolina. "Our year-over-year growth projection for 2022-2023 is around 75%, driven by our expansion rate as we secure more retail locations every month."

Gallo's West notes a similarly grassroots tactic for Argonaut and Germain-Robin. "The American brandy category is very niche and with California brandy specifically, we're working to build the category from the ground up with our colleagues," he says. "We firmly believe that other great entrants into



AMERICAN BRANDY CONSUMPTION IN THE U.S.—1990-2022E*

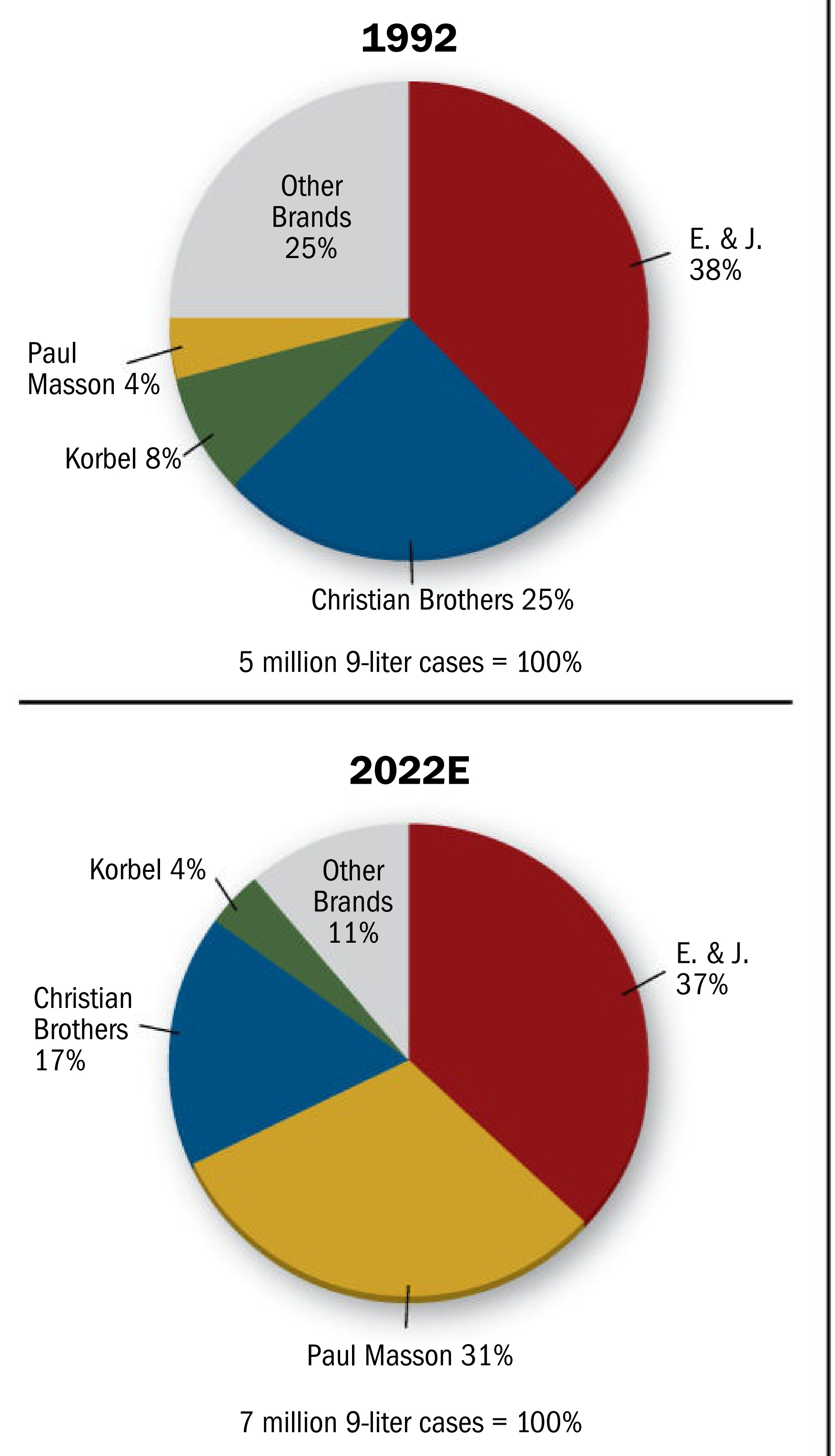
(millions of 9-liter case depletions)

*Includes flavors

Source: IMPACT DATABANK ©2023

TOP FOUR AMERICAN BRANDY BRANDS IN THE U.S.

(share of 1992 vs. 2022E depletions)



Source: IMPACT DATABANK ©2023

XO
OMAGE
XO
AMERICAN HAND-CRAFTED BRANDY

Julious Grant (top), CEO of The Brand House Group, is turning to innovation to bring excitement to the brandy segment. His brand Omage (above) is the first American brandy to use the Cognac distilling method, a move that sets Omage apart from its competitors.

the market will help build this category. Whether it's classic offerings like Osocalis and Germain-Robin, or newer entrants like BrandyLab, Omage, or our own Argonaut, we benefit from consumers discovering the spirit of the Golden State."

Jacob Johnson, corporate beverage manager for Orlando, Florida-based Tavistock Restaurant Collection, sees potential for growth. "As a professional, brandy for me has always represented a care for a craft, so experienced bartenders love a good brandy," he says. "Someone smart has seen the potential in what realistically represents an untapped market in American brandy. We're seeing new companies come into the foreground in brands like Bertoux that have a heavy influence on local New York and San Francisco bartenders. As these newer marketing heavyweight American brandy companies start to increase the consumption of American brandy across the U.S. and hopefully into international territory, so too will rise the prestige of the artistic, organic, non-GMO, start-to-finish distillers of the industry, like Germain-Robin, Osocalis, and Clear Creek, and this will likely trickle down to smaller local distilleries as well."

Johnson adds that if this 'trickle-down effect' sees sustained success, he believes that more distilleries, cider houses, and fruit producers will begin to produce brandy in America, or expand their brandy lines to appeal to a wider range of potential consumers. "The world of distillates is booming, and bar craftspeople around the globe are sure to love seeing American brandy hop on board," he says.

Bartenders are a key driver for the growing non-alcohol spirits category (the zero-proof Bubbles Tahoe Recliner cocktail at Mister Mao in New Orleans is shown above), though alcohol-free labels are also doing well off-premise (new entrant Ish is shown opposite).

ZERO PROOF, EXPLOSIVE GROWTH

The non-alcohol spirits segment is seeing a massive increase in demand from consumers, bartenders, and retailers alike **BY LAURA PELNER**

Demand for zero-proof spirits is at an all-time high, buoyed by a new approach that ditches the all-or-nothing drinking mentality and encourages people to embrace alcohol-free spirits on their own terms. For some, that means mixing zero-proof spirits with other non-alcohol ingredients to create upscale alcohol-free cocktails. But for others, zero-proof spirits are a good accompaniment to traditional spirits and provide a lower-alcohol twist for well-known drinks. Gone are the days of a simple abstinence-fueled message. Today, non-alcohol spirits offer their own stylish twist on imbibing.

PHOTOS BY (LEFT) PAPRIKA STUDIOS; (OPPOSITE) EMILY WILSON

ISH
Mexican Agave Spirit

RITUAL ZERO PROOF
GIN ALTERNATIVE
RITUAL ZERO PROOF
TEQUILA ALTERNATIVE
RITUAL ZERO PROOF
RUM ALTERNATIVE
RITUAL ZERO PROOF
WHISKEY ALTERNATIVE

Ritual Zero Proof has four labels in its portfolio (above). Brand co-founder Marcus Sakey (top right, with partners David Crooch and GG Sakey) says the offerings are doing well across a wide demographic of consumers. Tequila Alternative is the best seller.

The alcohol-free spirits segment has seen showing strong growth, albeit from a small base, as major alcohol players invest in the trend. Sales of zero-proof spirits were up 90% in 2022, totaling $6.1 million, according to Impact Databank, with depletions up more than 100% to nearly 22,000 9-liter cases. "It's an incredibly exciting time to be in the non-alcohol space," says Marcus Sakey, co-founder of Ritual Zero Proof, which counts Diageo as a stakeholder. "We believe the inflection point is right now. The last few years have given us time to prove it's not a blip."

Diageo's Distill Ventures arm acquired its stake in Ritual Zero Proof in 2020. The brand currently offers four expressions: Tequila Alternative, Rum Alternative, Whiskey Alternative, and Gin Alternative (each $30 a 750-ml.). Sakey calls Ritual Zero Proof the non-alcohol spirits category's captain, and claims market leadership. He likens non-alcohol spirits to the dairy- and meat-alternative sectors of the grocery industry, which were slow to gain traction but now have a presence in nearly every grocery store in the country. "We're performing well with every demographic, from Gen Z to Baby Boomers," Sakey adds. "Our take is that it's not about having less of anything, but about having whatever you want. It's optionality. Our goal is to put another tool in people's cocktail kit." Ritual Zero Proof is selling well in Texas and California, as well as Wisconsin, Michigan, and New York. Tequila Alternative is the brand's top-seller, followed closely by Whiskey Alternative.

The Alternative line first got its footing in the off-premise—mega chain Total Wine & More was an early partner—due to the Covid-19 pandemic's impact on restaurants and bars, but Sakey adds that Ritual Zero Proof is now focusing on the on-premise to gain further ground. "Ritual is designed to be used in cocktails," he says. "We took the flavors you associate with alcohol—the nose and bite—and worked with distillers to build them into our recipes. Mixed into a cocktail, they'll fool you. Seeing non-alcohol spirits in cocktails and bars is really important for public awareness."

Drinking Occasions

Zero-proof spirits always starts the year on a high note, benefiting from the Dry January movement. Sakey estimates that Ritual Zero Proof sold one bottle a minute for the entirety of January 2022, and says this year the company expects to sell two a minute. Indeed, Dry January and its recent counterpart Sober October have helped create awareness for the entire zero-proof sector. Seedlip is a relative elder statesman among zero-proof spirits, having launched in the U.S. in 2015; Diageo's Distill Ventures purchased a majority stake in the brand 2019. But Seedlip takes a different approach to non-alcohol spirits, offering a portfolio of products based on natural herbal and botanical ingredients that doesn't emulate existing spirits options.

"Seedlip is a genuinely new-to-world product and flavor profile," says Nicholas Rowland, Seedlip's senior marketing manager. General awareness of the top non-alcohol spirits brands tends to be low, but consumer interest is high, Seedlip has secured listings at some of the country's best bars, restaurants, hotels, and retailers. The portfolio includes three labels: the herbal offering Garden 108, the citrus-influenced Grove 42, and the warm and bitter Spice 94 (each $32 a 750-ml.). Rowland estimates that dollar sales for the brand were up by roughly 70% in 2022, noting that Seedlip's top markets include New York, California, Illinois, Texas, and Florida. "Our consumers are both suburban and urban, but still have a high interaction with the overall spirits category," Rowland adds. "Seedlip has changed the social scene and reinvented cocktail culture. The on-premise is critical for driving trial and allows people to feel included in social drinking occasions." He

SEEDLIP
GROVE 42
CITRUS

adds that Seedlip also does well through e-commerce purchasing platforms.

Along with new entrants, established alcohol brands are exploring non-alcohol offshoots in a bid to boost their portfolios. In early 2022, Martini & Rossi, which is owned by Bacardi, launched the alcohol-free aperitivos Floreale and Vibrante (each $20 a 750-ml.), which North American brand ambassador Fabio Raffaelli says have been well-received in their first year. “The non-alcohol and low-abv market has performed extremely well over the past year, largely driven by increased popularity in the overall health and wellness movement,” he says. “Martini & Rossi is known for vermouths, but initial rollout of our non-alcohol offerings has been quite successful.” At press time, Floreale and Vibrante’s full national rollout was due to be completed in time for this year’s Dry January, and Raffaelli adds that Dry January and Sober October have definitely played key roles in furthering the rapid growth of alcohol-free spirits.

Martini & Rossi Floreale has a floral taste complemented by chamomile, while Vibrante offers full-flavored fruit with notes of Italian bergamot oranges. The spirits are doing well in California—particularly in San Francisco and Los Angeles—where growth has been driven by the on-premise. Bars and restaurant are swapping Vibrante in for bitters in Negronis and using both expressions in non-alcohol Spritz cocktails.

Spirits industry veteran Jim Clerkin—formerly of Diageo, Moët Hennessy, and Beam Suntory—has also gotten in on the zero-proof beverage trend with his new venture, Demeter & Co., which partnered with U.K.-based CleanCo in 2021. The brand offers four zero-proof spirits labels: the gin alternative Clean G, the Tequila alternative Clean T, the vodka alternative Clean V, and the rum alternative Clean R (each $30 a 750-ml.). The portfolio is sold nationwide and is doing well in major markets like New York City, Los Angeles, and Miami. “There’s definitely an increased interest and desire for clean drinking that still allows for social interaction, and we’re excited to be a part of it,” says CEO Billy Paretti. “The category is still new, but it’s already shown incredible growth and popularity in the United States.”

CLEAN Co
G
CLEAN Co
V
CLEAN Co
R
CLEAN Co
T

Seedlip is one of the more established zero-proof spirits on the market, having launched in 2015. Today, the brand has three herbal-influenced labels, Garden 108, Grove 42 (top), and Spice 94. Meanwhile, U.K.-based CleanCo (above) is a newer brand, debuting overseas in 2019 and launching in the U.S. in 2021.

Welcoming Newcomers

Spiritless was launched in 2019 by a team of women with beverage industry experience, and the brand is showing strong growth for its flagship product, Kentucky 74 ($36 a 750-ml.), a zero-proof Bourbon-inspired spirit. The brand also has a cinnamon portfoliomate called Kentucky 74 Spiced ($36), which is currently sold out, and the Tequila-inspired Jalisco 55 ($38 a 700-ml.), as well as a couple pre-mixed RTDs that have 0.5% abv ($16 a 4-pack of 250-ml. cans). Spiritless targets millennial consumers.

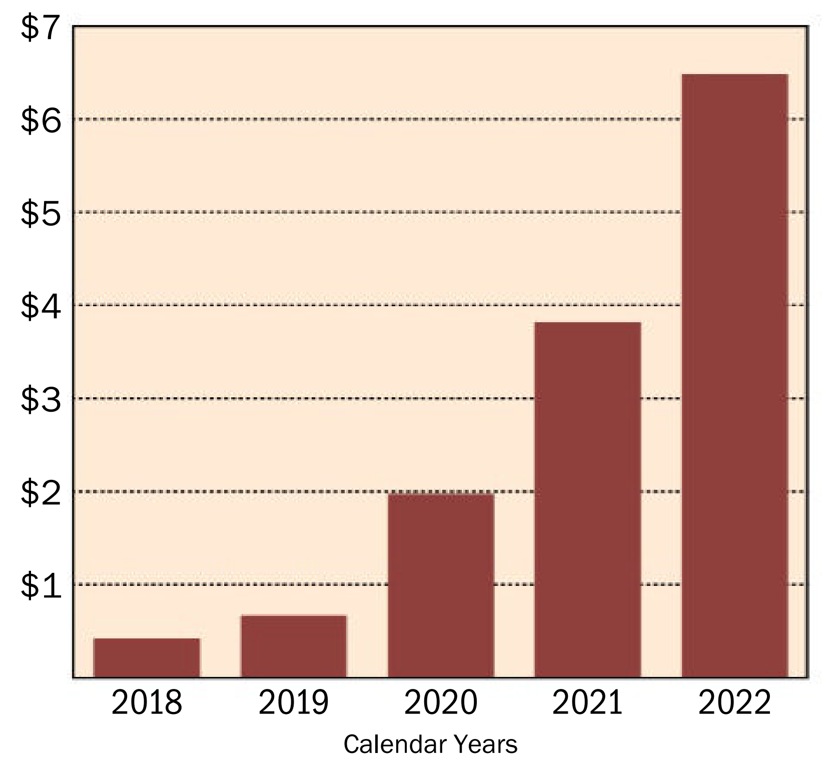
“On-premise is the perfect atmosphere to drive trial and exploration, which benefits the off-premise,” says Spiritless CEO and cofounder Lauren Chitwood. “Right now, we view non-alcohol spirits as a sidekick to traditional alcohol, not a full replacement. Having a non-alcohol option in your store or on your menu enhances the experience. We’re just about to reach the tipping point for this category. We’ve always maintained that mass retailers leaning into non-alcohol spirits would be the signal that we’ve officially arrived, and in 2023 we’re going to see exactly that.”

Born in Australia and brought to the United States in 2019, Lyre’s has a varied non-alcohol portfolio that spans from

Martini & Rossi added two non-alcohol labels to its portfolio last year (Floreale pictured left), while The Free Spirits Co. (The Spirit of Tequila offering right) debuted in 2020 with three labels. Both zero-proof lineups are doing well on-premise and have found a home on cocktail menus.

American Malt and Highland Malt whisk(e)y-inspired spirits to Dry London, Agave Blanco, and White Cane labels (each label is $36 a 700-ml.). The Lyre's brand includes 18 non-alcohol spirits offerings, as well as a handful of zero-proof RTDs. It's now sold in 80 countries around the globe, with its strongest U.S. markets including Arizona, California, Florida, Massachusetts, New York, Oregon, and Washington.

NON-ALCOHOLIC SPIRITS IN THE U.S. OFF-PREMISE—2018-2022
(millions of dollars)



Sources: NielsenIQ and IMPACT DATABANK ©2023

"The world of non-alcohol spirits is one of the fastest-growing, and we're continuing to see awareness grow alongside sales," says Joshua Carlos, Lyre's senior vice president of North America. Carlos notes that in both the on- and off-premise, non-alcohol products are seeing greater penetration in higher-end accounts. For the on-premise, he adds that Lyre's is well-suited for recreating popular cocktails sans alcohol. "Our team is hyper focused on growing the brand," Carlos says. "Our mission is to change the way the world drinks."

At The Free Spirits Co., which launched in 2020 with three non-alcohol spirits options, the cultural shift happening across the U.S. is a key driver within the zero-proof segment. Free Spirits founder and CEO Milan Martin says the majority of consumers who purchase non-alcohol labels also buy traditional spirits, and the demographic spans from 21-year-olds up through the oldest drinkers. The Free Spirits Co.'s lineup includes The Spirit of Bourbon, The Spirit of Gin, The Spirit of Tequila, and the recently launched Spirit of Milano, an Italian aperitivo (each is $37 a 750-ml.). The products have no alcohol but do contain B vitamins and amino acids to "elevate mood and energy," and they do well in the Northeast and along the West Coast, as well as in Texas and Iowa. "This market is a moderation play, not an abstinence play," Martin says. "More than 80% of those who buy and drink zero-proof spirits still drink alcohol. Now, bartenders and drinkers simply have another tool in their arsenal that allows them to drink

PHOTO BY (RIGHT) (RIGHT) LUPINE HAMMACK THE FREE SPIRITS COMPANY

as many cocktails as they want, with as much alcohol as they choose. We're really excited about the future of the space."

The non-alcohol spirits segment's most recent entrant, Danish brand Ish, debuted in the U.S. this past October, just in time for holiday parties and Dry January. Founder and CEO Morten Sørensen expects the United States to be the brand's top market in 2023. The Ish portfolio includes GinISH, RumISH, and Mexican Agave Spirit, a non-alcohol Tequila (each is $35 a 500-ml.). The products are performing well so far in Atlanta, Chicago, and Minneapolis, as well as throughout California and New York, where the brand is focusing on the on-premise. New York City restaurant Eleven Madison Park was Ish's first U.S. account.

ISH
London Botanical Spirit

Danish brand Ish made its U.S. debut just in time for Dry January 2023 with zero-proof gin, rum, and Tequila. Founder and CEO Morten Sørensen expects the U.S. to be Ish's top market this year.

"There have never been so many options for the mindful drinker, and never has the world seen such broad distribution across all channels," says Sørensen. "The most exciting thing in alcohol right now is alcohol-free. All the major industry players are expanding their non-alcohol portfolios. It's a trend the industry is betting on."

Retail and Restaurants

Non-alcohol spirits continue to garner interest at a variety of retail stores, both brick and mortar and online. E-commerce platform Drizly reports that non-alcohol offerings were up 24% in 2022 over the year prior, and Liz Paquette, head of consumer insights at Drizly, notes that zero-proof labels increased by 70% on the website. Drizly conducted a retail study in November that found more than 20% of retailers saw non-alcohol products outperform their expectations in 2022. Brands like Seedlip, Ritual Zero Proof, and Lyre's are Drizly's top-sellers in the segment.

Meanwhile, at Concord, California-based chain BevMo, which was purchased by retail delivery company Gopuff in 2020, non-alcohol sales are up 35% year-over-year. The company stocks zero-proof labels next to their traditional counterparts, providing clear signage for the alcohol-free offerings in each section, and is increasing the square footage of its non-alcohol displays to accommodate new brands. In addition, Gopuff has a non-alcohol section within the alcohol section of its mobile app.

The retail market chain Foxtrot, which boasts more than 20 stores in Chicago, Dallas, Washington D.C., Virginia, and Maryland, also saw non-alcohol spirits perform very well in 2022. The company says zero-proof labels were the top-ranked subcategory of spirits by revenue across all stores, making up 20% of sales. The category is also the largest at Foxtrot by SKU count. "Non-alcohol spirits sales are up 73% year-on-year at existing stores," says Foxtrot's beverage director, Dylan Melvin. "People who buy non-alcohol spirits at Foxtrot also buy alcohol products, too, which reinforces the narrative that people are just looking to moderate their consumption. Most of the reports I read expect non-alcohol beverages to continue to grow over the next three to five years and beyond."

Even with all the off-premise success, non-alcohol spirits marketers are putting heavy emphasis on building in the on-premise. Most agree that their products are better-suited to mixing in cocktails over sipping neat—though some do expect zero-proof sipping spirits to be a new offshoot of the category—and they believe bartenders hold the key to continued growth and consumer awareness.

At Mister Mao in New Orleans, head bartender Juan Cardona says that as many as one out of every two tables in the restaurant orders a non-alcohol cocktail. The venue offers its own zero-proof drinks, as well as a couple canned, pre-mixed alcohol-free drinks that can be poured over ice. "We've gotten great feedback from our guests, and non-alcohol cocktails are something they're really intrigued by," Cardona says. "It's really grown in the last year and we continue to focus on it." Mister Mao's zero-proof cocktails include The Libertad ($10), made with Lyre's non-alcohol Dark Cane and Italian Spritz spirits, All The Bitter non-alcohol bitters, and rose water, topped with Coke, and the Bubbles Tahoe Recliner ($10), blending Lyre's Italian Orange spirit with grapefruit and lime juices, topped with soda water.

Miami-based Kush Hospitality Group just recently added its first non-alcohol spirits—Martini & Rossi Floreale and Clean G gin—and beverage director Cristina Suarez says they're gaining momentum at the company's restaurants. Kush restaurants have offered the G Naste ($11), made with Martini & Rossi Floreale and Fever Tree tonic, garnished with a dehydrated lemon wheel. "Hopefully this grows and we can expand our non-alcohol spirits," Suarez says. "It's rising day by day."

In New York City, the renowned Gramercy Tavern recently expanded its non-alcohol spirits and beer offerings to keep up with consumer demand. The venue's bar offers a Scottish Spritz ($16) made with Feragaia zero-proof Scottish spirit and Fever Tree tonic, garnished with an orange wheel, as well as several other zero-proof spritzes. "Non-alcohol spirits and pairings are frequently asked for at Gramercy Tavern," says beverage director Erin Healy. "It's an exciting foray for us since we do have demand in this category and it has been received with enthusiasm by our team and our guests. Having a breadth of non-alcohol options that includes spirits is very important."

PHOTO BY EMILY WILSON

Crypto Cocktails

The digital revolution meets brick-and-mortar as bars and restaurant explore NFTs

As interest in digital currencies and assets continues to grow, the on-premise is beginning to experiment with NFT technology. NFTs (non-fungible tokens) are a type of digital asset that generally represents something collectible, often art or music, but also allocated spirits and wines. NFTs carry a unique digital signature, meaning they can't be duplicated, and they can be purchased using cryptocurrencies like Bitcoin or Ethereum. In the bar world, NFTs are finding a niche in a few different forms.

The bar Botanica opened in October in San Diego as a creative concept that melds the worlds of hospitality and art with an NFT twist. Per its name, Botanica highlights artisanal, botanical spirits, with a focus on gin and genever, and it serves upscale snacks and bar bites. The NFTs come into play through art, as the venue showcases locally commissioned pieces of tangible art alongside distinct digital works available for purchase via NFT. The digital art is displayed on screens in the venue and buyable through the blockchain company Humbl, with portions of the proceeds split between nonprofit groups and the artists themselves.

Botanica is owned by Be Saha Hospitality Group and general partner Amar Harrag says the company is making a bigger push to incorporate NFTs going forward. Along with its art program, Be Saha plans to create NFT-centered events, and an NFT membership program this year, as well as an NFT cocktail experience, through which guests who purchase the NFT can order a specialty drink only available to them. "The more effort we put into educating people about the NFT space and its opportunities, the more engagement we get," Harrag says. "Part of our mission is debunking some of the NFT myths. We're excited about our NFT model."

In San Diego, Botanica emphasizes NFTs via local art that's displayed on screens at the bar (pictured, right wall). Parent group Be Saha Hospitality plans to incorporate NFTs even more going forward.

PHOTO BY MEGAN JANE BURGESS

Star Chef Nina Compton has big plans for an NFT concept in New Orleans. Her ShaSha Lounge, which is set to open in 2023 and celebrate all things New Orleans, including music, art, culture, and cocktails, has received a lot of attention in its early planning stages, in part because Compton has said it will be a membership-based lounge and that memberships will need to be purchased via NFT. A portion of sales from the membership NFT and the bar's revenues will be donated back to New Orleans.

"As with anything cutting edge, adaptation can take time, but I think people will get it and I think we're ready for it," Compton says. "It's essentially the same as other membership clubs—be that a country club or other similar venues—except the ShaSha NFT will be ownable and sharable, which makes it even better. ShaSha is going to be a traditional bar and lounge, hopefully one of the best New Orleans and this country has to offer. The only difference is how you'll access it, and what that access will provide you beyond the four walls of the location."

NFT platform BlockBar is dedicated to the beverage alcohol world, offering an online marketplace and physical storage for luxury wines and spirits. Co-founder Samuel Falic, who's well-versed in cryptocurrencies and digital ownerships, says there are a lot of ways for traditional bars and restaurants to enter the NFT landscape. "There's of course the obvious way, which is that an NFT can serve as an access point to a private restaurant or provide special perks like discounts or a table on standby," Falic explains. "Then there's also an opportunity to, let's say, try a specific bottle (of wine or liquor in the space), and if you like it, scan the QR code and browse through other versions of that brand and potentially purchase it right on your phone with an NFT."

Falic adds that on-premise venues could use NFTs to boost their loyalty programs and manage reservations of in-demand tables, or even partner with luxury spirits and wine brands for their special releases on BlockBar. "There are many different ways for bars and restaurants to enter the space and there definitely could be value added, but it has to make sense," Falic says. "I would steer away from using NFTs purely as a marketing campaign and recommend instead using them as an innovative way to solve an actual problem. An NFT is just digital ownership, so it's really limitless for what business owners can do to utilize NFTs."

Laura Pelner

Tasting Time Is Back

After a pandemic pause, in-store beer sampling returns to prominence

With a selection of more than 2,500 active beer SKUs, making a choice can be overwhelming for customers at John’s Marketplace, a two-unit beer emporium in Portland, Oregon. But complimentary beer tastings every Friday are a great tool in helping people make purchasing decisions. “The tastings help expose customers to new beers and new breweries,” says co-owner Rob Petros. “Having a brewer or brewery representative present at a tasting can make all the difference in getting a consumer to try a new beer.”

Similarly, at Randall’s Wines & Spirits, which has five locations in Missouri and Illinois, beer samplings have become so popular with customers that “we’re frequently asked what kinds of tastings we have coming up,” says Vicky Benson, beer manager at the Fairview Heights, Illinois store. Held several times a month, the beer samplings are a great way for shoppers to not only try new brews, but also interact with brand representatives, Benson notes.

The Covid-19 pandemic, of course, brought most in-store tastings to a halt. “For the safety of staff and customers during that uncertain time, we discontinued tastings,” says Melissa Surdyk, CEO of Surdyk’s in Minneapolis. But these days, Thursday, Friday, and Saturday beer tastings are back in full swing. “Customers are loving it more than ever,” she says. Anthony Turner, director of technology and media relations at Freetail Brewing in San Antonio, says that while disposable plastic cups and gloves are now often used at tastings, and efforts are made to limit congestion in the aisles, “retailers have pretty much gone back to their old processes for sampling” post-pandemic. Stew Leonard’s Wines & Spirits, which samples beer at stores in Connecticut and New Jersey, meanwhile, is putting a bigger focus on best-selling brands and new beers since resuming the events, according to vice president Blake Leonard.

While the opportunity to sample brews—often for free—is a boon for customers, retailers also benefit from hosting tastings. “These events can help bring our message full circle in terms of customer service and leave a lasting impression on our customers,” says Chase Dipple, beer program director at Hi-Lo Liquor, which has three stores in southern California that host beer tastings on weekends. Petros of John’s Marketplace and Leonard of Stew Leonard’s agree that beer sampling events are valuable in building good will between community members and breweries.

“People can buy beer anywhere,” Petros notes. “With tastings, there’s a value added to the shopping experience.” And according to Pat Pikunas, general manager at Yuengling Co.—which recently partnered with Texas merchants on samplings for the launch of the brewery’s Hershey’s Chocolate Porter—the events “build shopping basket sales for retailers with profitable items.”

There are only a few drawbacks to in-store beer tastings, brewers and retailers note. Pikunas points to space constraints in some stores, particularly during peak shopping periods. “We try to work with our distributors and agency partners to use a small footprint so as to not interrupt the flow of shoppers and in-store operations,” he says. Petros adds that retailers need to monitor consumption by ensuring samples are only given to those of legal age and that there’s no abuse. “But in seven years, we haven’t had any incidents,” the Oregon retailer says.

Altamont Beer Works
Kaptain Kush
Double IPA
Allagash
Floating Holiday
Blonde Ale
5.2%
Lagerithm
American Dark Lager

At Hi-Lo Liquor, a three-unit shop in Southern California, in-store beer tastings bring the chain’s message full-circle, providing samples (offerings pictured) while showcasing excellent customer service.

Craft brewers are particularly fond of retail tastings. Turner from Freetail Brewing, which has partnered with H-E-B stores around Texas on samplings, concedes that beer tastings can get expensive for small brewers, but says the benefits outweigh the costs.“I can’t think of a more powerful way to market beer than getting ‘liquid to lips’ in the beer aisle and right at the point of purchase,” he adds.

With pandemic sanctions hopefully now in the rearview mirror, retailers say beer tastings will remain in their merchandising toolkits. Hi-Lo’s Dipple is even considering a series of tastings led by local beer writers, beer judges, and historians to “provide a deeper dive and education” for customers, he says. “We expect to continue to build a bigger customer base while also providing our customers with enjoyable events,” adds Randall’s Benson. “The events are also fun for our staff, so it’s a win-win.”

Terri Allan

Off-Premise News:

Downtown Spirits In Expansion Mode

Seattle retailer Downtown Spirits, led by Market Watch Leader Marques Warren, has announced plans to purchase Esquin Wine & Spirits, located in Seattle's SoDo district, for an undisclosed sum.

The move, subject to the approval of the Washington State Liquor and Cannabis Board, would increase the number of wines offered by Downtown, while also boosting delivery operations. Downtown has emphasized its delivery business, which accounts for 40% of its sales and includes orders purchased via its own website, the Drizly platform, and the store's corporate account program.

Adding Esquin's inventory would allow Downtown to sell 5,400 wine and 1,200 spirits SKUs in total. "Our purchase of Esquin is part of Downtown Spirits' commitment to bringing fine wines and the most knowledgeable sales team in the region," says Warren.

On-Premise News:

Tropical Distillers Opens New Bar In Miami

Miami-based Tropical Distillers is opening a distillery and bar in its home city's Allapattah neighborhood. Tropical Distillers produces J.F. Haden's Craft Liqueurs. The 8,000 square-foot location features a craft distillery with a cannery as well as a 30-seat bar and tasting room, plus a gift shop featuring branded merchandise and distillery-only products from Tropical Distillers and J.F. Haden's. Additionally, the space features a 1,500 square-foot outdoor deck and a $25 guided tour on Sundays which includes a tasting of five spirits. The first J.F. Haden's liqueur, Mango, launched in 2020.

Distributor News:

Johnson Bros. Expands Provi Partnership

Johnson Bros. has expanded its partnership with e-commerce marketplace Provi, bringing the online platform to on- and off-premise partners in Nevada, Wisconsin, and Florida. The new deal brings the two companies even closer, with Johnson Bros. already integrating Provi into its sales systems in New York, New Jersey, North Carolina, and Rhode Island. The three new states will now have the ability to view Johnson Brothers' inventory, discounts, and overall selection in its most up-to-date form through Provi's platform.

Breakthru Acquires Wine Warehouse

Breakthru Beverage Group is set to enter its 16th market with a move to acquire Wine Warehouse—the third-largest wholesaler in California and a top-ten player nationally—for an undisclosed sum. The deal is expected to close this spring. Wine Warehouse has annual revenues of approximately $800 million, 650 employees, and facilities in both Northern and Southern California. Handling wine, beer, and spirits, the multi-generational family-owned company was founded in 1973 by wine collectors Bob and Jim Myerson. Its existing leadership team is slated to stay in place, with Breakthru pledging to invest aggressively to continue growing the business.

SGWS Launches SGProof App

Southern Glazer's Wine & Spirits has launched the SGProof app to the Apple store. The app—available to Southern Glazer's customers—mimics the features of the distributor's SGProof website, with the addition of an in-app barcode scanner to allow for a seamless purchasing and restocking experience. Last year, the SGProof platform did over $3 billion in sales, serving 82,000 hospitality customers with more than 61,000 products and more than 17 million cases delivered.

RNDC Invests In E-Commerce Player

Republic National Distributing Co. (RNDC) has announced a strategic partnership and investment in Thirstie, a leading enterprise e-commerce provider for the beverage alcohol industry. "RNDC is looking to transform the industry and this partnership with Thirstie is one of the ways we are accelerating our digital capabilities," says RNDC CEO Nick Mehall. "Thirstie is a category leader in the alcohol e-commerce space. With Thirstie's platform, as well as their extended offerings, we will make a tremendous impact on RNDC's supplier community and the industry overall."

The move to invest in Thirstie follows RNDC's recent investment in fellow e-commerce player Flaviar, as well as Southern Glazer's acquisition of an undisclosed stake in e-commerce platform ReserveBar last year.

Supplier News—Spirits:

Villa One Partners With Speakeasy

Villa One, the Tequila from Stoli Group, John Varvatos, and Nick Jonas, has announced its new online retail hub, created in partnership with Speakeasy. The new online store, hosted on the brand's website, allows customers to easily order the Tequilas, while the brand remains three-tier compliant. In addition to selling individual bottles, Villa One offers packages with shirts, hats, signed guitars, and more. Villa One, launched in 2019, is distilled at Stoli's Fabrica de Tequilas Finos distillery by master distiller Arturo Fuentes.

Deutsch Takes Stake In Cantera Negra

Deutsch Family Wine & Spirits is taking aim at the fast-growing upscale Tequila category with a new deal to handle the Cantera Negra brand. Deutsch Family is acquiring a partial ownership stake in Cantera Negra from owner Two Sons Imports LLC, and will become the exclusive global sales and marketing partner to the brand. Financials were undisclosed. Cantera Negra—named "Black Quarry" for the black volcanic rock found in the soil of the agave fields of Jalisco, Mexico—has distribution in 28 states and is growing quickly, Deutsch says. The business was founded more than four decades ago by Don Alberto Becherano, who continues to produce the range with his son, Dan.

The Cantera Negra range includes Silver ($50 a 750-ml.), Reposado ($60), Añejo ($70), and Extra Añejo ($120) Tequilas, as well as Cafe, a 100% agave Tequila and coffee liqueur ($35). Cantera Negra marks the second recent luxury-level addition to Deutsch's portfolio, following the company's acquisition of a minority stake in prestige Champagne brand Beau Joie last April.

Kentucky Sees Expanded Distilling Operations

Kentucky's whiskey boom continues as global spirits giant Pernod Ricard and smaller player Willett announced major new expansions to their distilling operations in the Blue Grass State.

Pernod unveiled plans for a $250 million investment in Jefferson's Bourbon that will give the brand a new distillery with an annual capacity of 7.5 million proof gallons. Completion of the carbon neutral distillery and carehouses is slated for 2025. A new visitor's center is also planned. According to Kentucky's Lexington Herald Leader, the project will create up to 55 jobs over the next 15 years, with an average wage of $82.35 an hour.

Willett, meanwhile, plans to invest $93 million to bolster production and maturation capacity. Louisville's Spectrum News reports that Willett's expansion will focus on new distilling facilities as well as rickhouses The new addition is set to cover 70,000 square feet, according to the office of Kentucky's governor.

Diageo Purchases Don Papa

Diageo has made another bolt-on acquisition, agreeing to purchase Don Papa rum, a super-premium, dark rum from the Philippines for an initial €260 million ($282 million) with a further potential consideration of up to €177.5 million ($192 million) through to 2028, subject to performance. The deal is expected to close in the first half of this year. According to Diageo, the super-premium rum market is in "the early stages of premiumization," showing a compound annual growth rate of 27% in the U.S. from 2016-2021. The brand is handled in the U.S. by Zamora Co. USA. Launched in 2012 by entrepreneur Stephen Carroll, in partnership with Andrew John Garcia, Don Papa is distilled and aged for over seven years in American oak barrels on the island of Negros Occidental in the Philippines.

Aultmore Distillery To Double Capacity

Bacardi has announced a $19 million investment in its Aultmore Distillery, with plans to double the Speyside facility's capacity by 2024. The investment will add new fermenters, pot-stills, and infrastructure to the distillery, as well as a new heat recovery system that will reduce energy costs and make the entire distillery more green. The announcement also marks the 125th anniversary of Aultmore. The brand is one of Bacardi's five single malts—the others being Aberfeldy, Royal Brackla, Craigellachie, and Macduff—used to make both Dewar's blends as well as standalone releases from the distilleries.

Frey Ranch To Increase Production Capacity

This spring, Nevada-based distiller Frey Ranch will increase production capacity by 50% with the addition of two new 5,000-gallon fermenters. Last year, Frey barreled the equivalent of just under 1 million bottles of whiskey. Core expressions include the 45% abv Four Grain Straight Bourbon ($50 a 750-ml.) and 50% abv Bottled in Bond Rye ($60). In addition to Nevada, Frey Ranch whiskeys are sold in California and Georgia, with Arizona and Ohio in the works. Along with sales at the distillery, Frey Ranch ships to about 30 states.

Diageo Incubator Invests In Hella Cocktail

Diageo-backed spirits incubator Pronghorn has announced a capital investment in Hella Cocktail Co., a brand of botanically inspired mixers and beverages. Pronghorn has also named Jomaree Pinkard, co-founder of Hella, as its new CEO. In his new role Pinkard will work to identify and fund Black-owned businesses within the spirits world. Pronghorn has committed to fund 57 brands and fill nearly 2,000 jobs within the beverage alcohol world over the next ten years.

Supplier News—Wine:

Anitinori Adds Piedmont Acreage

Antinori, one of the top names in Italian wine, has added a key vineyard asset to its Prunotto winery in Piedmont, purchasing 8.4 acres in the Cerretta MGA (Menzione Geografica Aggiuntiva—Piedmont's system of classified vinegrowing places) of Serralunga d'Alba for $9 million. The deal, signed on November 7, increases Prunotto's estate-owned vineyards and parcels under long-term lease to 193 acres, including 32 acres in Barolo and 13 acres in Barbaresco.

Robert Sinskey Vineyards Sell For $26 Million

The Wonderful Co., owner of Fiji Water and POM Wonderful, among other brands, has purchased Napa's Robert Sinskey Vineyards for just over $26 million. Following the closing of the deal, the property was leased back to the Sinskeys, who will continue to run the vineyards and the company's tasting room. In addition to Robert Sinskey Vineyards, the Wonderful Co. owns Justin Vineyards and Winery and Landmark Wines, among other wine and wine-related holdings, like Wonderful Nurseries (formerly Vintage Nurseries) and Mercier California, providers of grape rootstock.

RNDC Adds New E. & J. Gallo Business

Republic National Distributing Co. (RNDC) has gained E. & J. Gallo's chain retail business in California. RNDC had already been handling Gallo's general market retail business in the Golden State since 2021, and will now add the chain segment.

"RNDC has been a great distributor for Gallo brands nationally, and we look forward to expanding our relationship with them as we transition our chain business in California," says E. & J. Gallo Winery vice president of sales Ted Seburn. California is RNDC's largest market, just ahead of Texas, with the distribution giant's California revenue totaling approximately $2.8 billion in 2022, according to MARKET WATCH sister publication Impact Newsletter.

To Kalon Certified As Organic Vineyard

Oakville, California's To Kalon Vineyard, owned by Constellation Brands, has been certified as an organic vineyard by the California Certified Organic Farmers. The vineyard switched to organic farming methods three years ago and the wines made from grapes from the 2023 vintage will be the first to be able to carry the organic certification. The shift is part of a wider commitment to sustainability and organic farming for Constellation.

Supplier News—Beer:

Wyoming's Roadhouse Acquires Melvin Brewing

Jackson Hole, Wyoming's Roadhouse Brewery has announced the purchase of Melvin Brewing Co. and its Alpine, Wyoming production facility and tap room for an undisclosed sum. Melvin Brewing Co. has broad distribution across 27 states. The combination of both breweries, which are located 35 miles apart, will produce 50,000 barrels in 2023, and will have the ability to grow to 80,000 barrels in the coming years with new investments that Roadhouse plans to make. Among those are a state-of-the-art rotary canning line and the expansion of the Melvin tap room in Alpine.

Cannabis News:

Molson Coors Shuts Down Truss USA

Molson Coors has unwound the U.S. portion of its joint venture with Hexo, the beer giant announced. By shutting down Truss USA, Molson Coors will exit the CBD beverage business in the U.S. The decision does not affect Truss's main operations in Canada, where it remains a key player in the emerging cannabis drinks market. The decision hinged on the continued inaction of federal lawmakers to reform cannabis laws in the U.S. In the company's estimation, there remains no near-term pathway to federal legalization, which in turn has created an atmosphere of uncertainty and fear in which retailers and distributors hesitate to take on CBD brands, complicating distribution and the path to profitability. Molson Coors and Hexo launched Truss in 2018 to develop cannabis drinks for the Canadian market.

New York Considers Cannabis Delivery

New York's Office of Cannabis Management has released guidance for cannabis delivery operations, a move that could allow sales to begin imminently in the state. The guidance applies to all retail dispensary licensees for the next year. As written, the rules allow businesses to begin fulfilling delivery orders from their warehouses before their retail storefronts are ready or open. This will allow stores to begin selling cannabis as soon as they have supply on-hand and bike messengers to deliver it, with a maximum of 25 delivery staff per business.

In Memoriam:

Juanita Duggan

Former WSWA president and CEO Juanita Duggan passed away December 13 at her home in the Washington D.C. area. She served as WSWA's first female president and CEO from 1998 to 2006. A passionate policy advocate for family-owned wine and spirits companies, Duggan spent decades as a policy expert in the Senate, the White House, and the private sector. She was a four-time CEO and leader of highly regulated industry trade associations, and most recently was the founder of Clarifyd LLC, a firm serving clients and boards navigating complex policy, political, regulatory, reputation, compliance, and communications challenges.

Ted Roman

Industry veteran Ted Roman passed away December 23 in Jupiter, Florida. Born in Connecticut in 1955, Roman served in the drinks industry with companies including Heublein (now Diageo), Pernod Ricard, William Grant & Sons, and, most recently, Q Drinks, across a decades-long career. He held top sales roles with Pernod from 1998 to 2008 and William Grant from 2008 to 2016 before joining the Q Drinks brand in 2016. He's survived by his wife, Laura, two children, and three siblings. mw

The Editors

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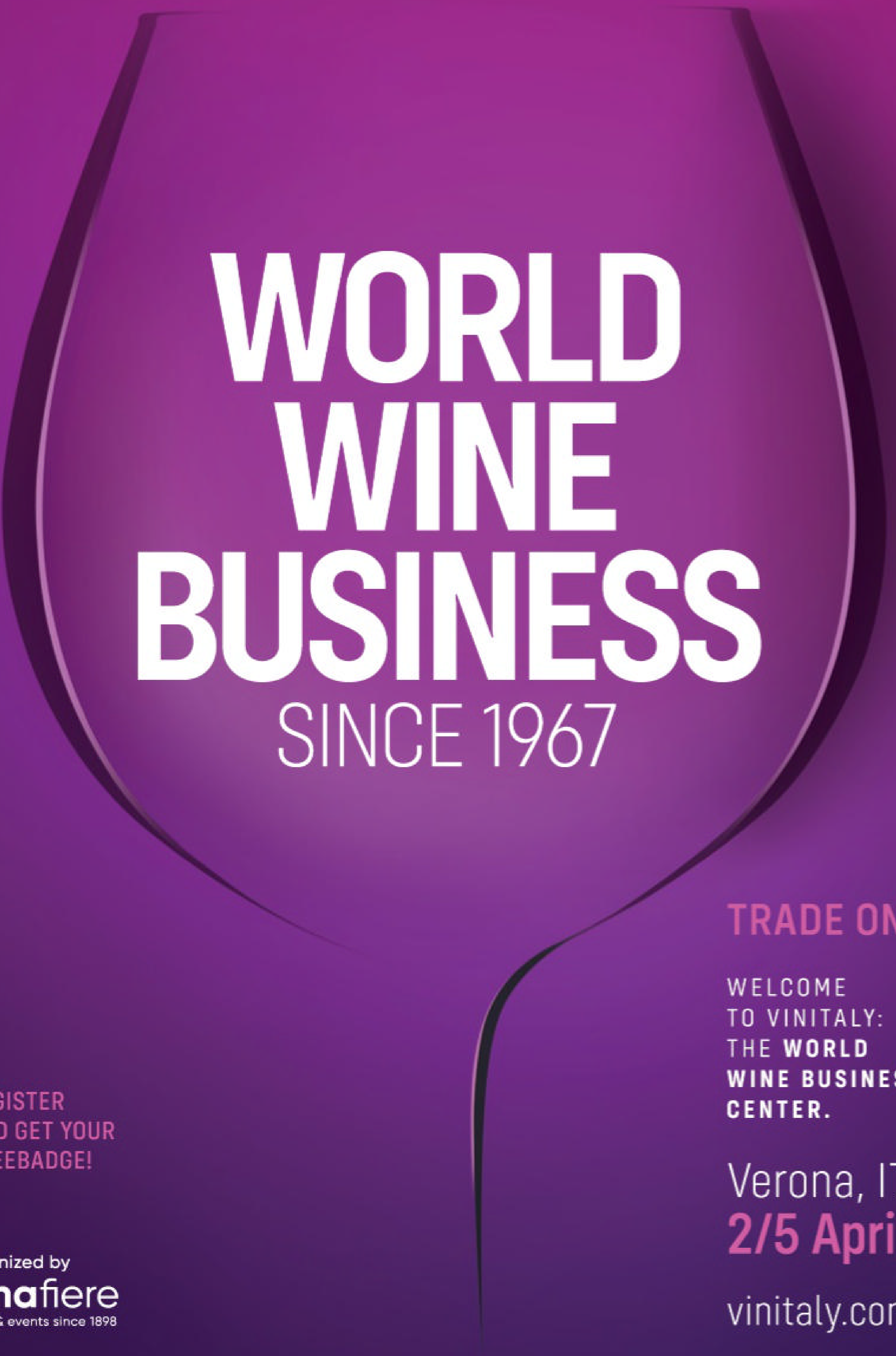

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ON THE MOVE

LVMH has appointed **Kenny Moore** as vice presiden and head of spirit brands for Moët Hennessy USA. He takes over from Allison Varone and will oversee a team that handles brands including Belvedere vodka, Glenmorangie whisky, and Volcan Tequila, among others. Prior to this promotion he was vice president of marketing for Moët Hennessy USA and was previously brand director for Moët & Chandon. He also held roles at Miller-Coors and Bacardi earlier in his career.

Teremana Tequila has named industry veteran **Richard Black** as CEO. Black is a former vice president of marketing for the U.S. at Campari, and also helped scale the early growth of Westward Whiskey, part of the Diageo-backed Distill Ventures portfolio. In his new role, Black will look to drive further expansion for Teremana, which is projected to deplete 900,000 cases this year on approximately 50% growth.

Brown-Forman has expanded **Marshall Farrer**'s role to include the post of executive vice president and chief strategic growth officer. Farrer will also continue in his current role as the company's president for the Europe region.

Beam Suntory has appointed **Alex Alvarez** as chief supply chain officer. In this role, Alvarez will be responsible for Beam Suntory's global operations, including 19 distilleries and bottling plants, as well as the company's supply chain, procurement, and quality functions. He succeeds David Hunter, who retired at the end of January. Alvarez joins Beam Suntory following a 15-year career at Brown Forman.

Edrington has appointed **Juan Campos** as senior vice president of commercial for the U.S. and Canada. Campos joined the company in 2008, when he was hired as a global brand manager in the Madrid office before relocating to New York in 2011. In 2018 he was named managing director of Edrington Mexico. In his new role, Campos will be responsible for overseeing brand marketing and business management and will spearhead the continued development of Edrington's portfolio, which includes The Macallan, Highland Park, and The Glenrothes, throughout the U.S. and Canada.

Kenny Moore

Richard Black

Marshall Farrer

Alex Alvarez

Washington's House of Smith has named **Ron Mertz** as executive vice president of sales. In his new role, Mertz will set the strategy for the Smith portfolio, which includes Substance, K Vintners, Sixto, ViNo Casa-Smith, Golden West, and B. Leighton. Mertz has 30 years of industry experience and over a decade of work in Washington state. He previously served as president of sales at A to Z Wineworks. During his time there, A to Z quadrupled to nearly 400,000 cases per year.

Lucas Bols USA has named **Frank Barbagallo** as U.S. sales director, amid a wider realignment aimed at improving the company's route to market. Barbagallo, an industry veteran most recently with Trinchero, will help to spearhead the realignment—which sees Lucas Bols USA further developing its partnerships with Republic National Distributing Co. (RNDC) and Breakthru Beverage—alongside managing director Brett Dunne. In addition to Barbagallo's appointment, Bols has promoted **Tim Campbell** to sales director for control and independent states; **Charlie McCoy** to sales director of Bols' RNDC division; and **Shawn Kirkpatrick** to sales director of the Breakthru Beverage division.

Breakthru Beverage Group has named **Derek Holmes** as executive vice president of Breakthru Beverage Minnesota. Holmes will oversee and lead all aspects of the market including sales, operations and regulatory matters. He currently serves as vice president of strategy for spirits and beer with Breakthru Missouri.

St. Paul, Minnesota-based Johnson Brothers has hired **Dwayne Kratt** as the distributor's new vice president of external affairs. In this new role, Kratt will report to president and CEO Mark Hubler and will be responsible for working with the government and shaping legislative policy. Kratt joins Johnson Brothers from Diageo where he managed government affairs for the Northeastern U.S. and South Carolina. Prior to Diageo, Kratt worked for Miller Brewing, also in roles that involved working with state and federal governments.

Riboli Family Wines, the company behind imported wine leader Stella Rosa, among other wine brands, has announced a host of leadership changes, including naming a new president and CEO. **Steve Riboli**, a third-generation member of the family company, has been named Riboli's new president and CEO, succeeding Santo Riboli, who will become chairman of the board. In addition, Riboli Family Wines has appointed winemaker **Anthony Riboli** as an officer of the board.

San Diego-based Infinium Spirits, part of the Underwood family's Young's Holdings, has appointed **Jan Tharp** as president. Tharp most recently served as president and CEO of the 123-year-old seafood company Bumble Bee Seafoods, with over $1 billion in global revenue.

Beer distribution giant Reyes Beer Division has appointed **Kyle Dean** as market president of spirits. Dean joins Reyes from Breakthru Beverage Nevada, where he served as executive vice president for the beer, wine, and spirits division. Based in Southern California, Dean is slated to lead the business's overall spirits strategy for and partner with key suppliers to build Reyes's spirits portfolio.

Chicago-based e-commerce marketplace Provi has named **Bob Robbins** as president and COO. Robbins joins Provi from Juul Labs, where he served as president, Americas and chief growth officer. In addition to his time at Juul, Robbins worked as vice president, sales strategy at Constellation Brands, in a variety of roles at Beam Suntory, and as a consultant for McKinsey. In his new role, he will report to Provi founder and CEO Taylor Katzman.

Steve Riboli

Jan Tharp

Kyle Dean

Bob Robbins

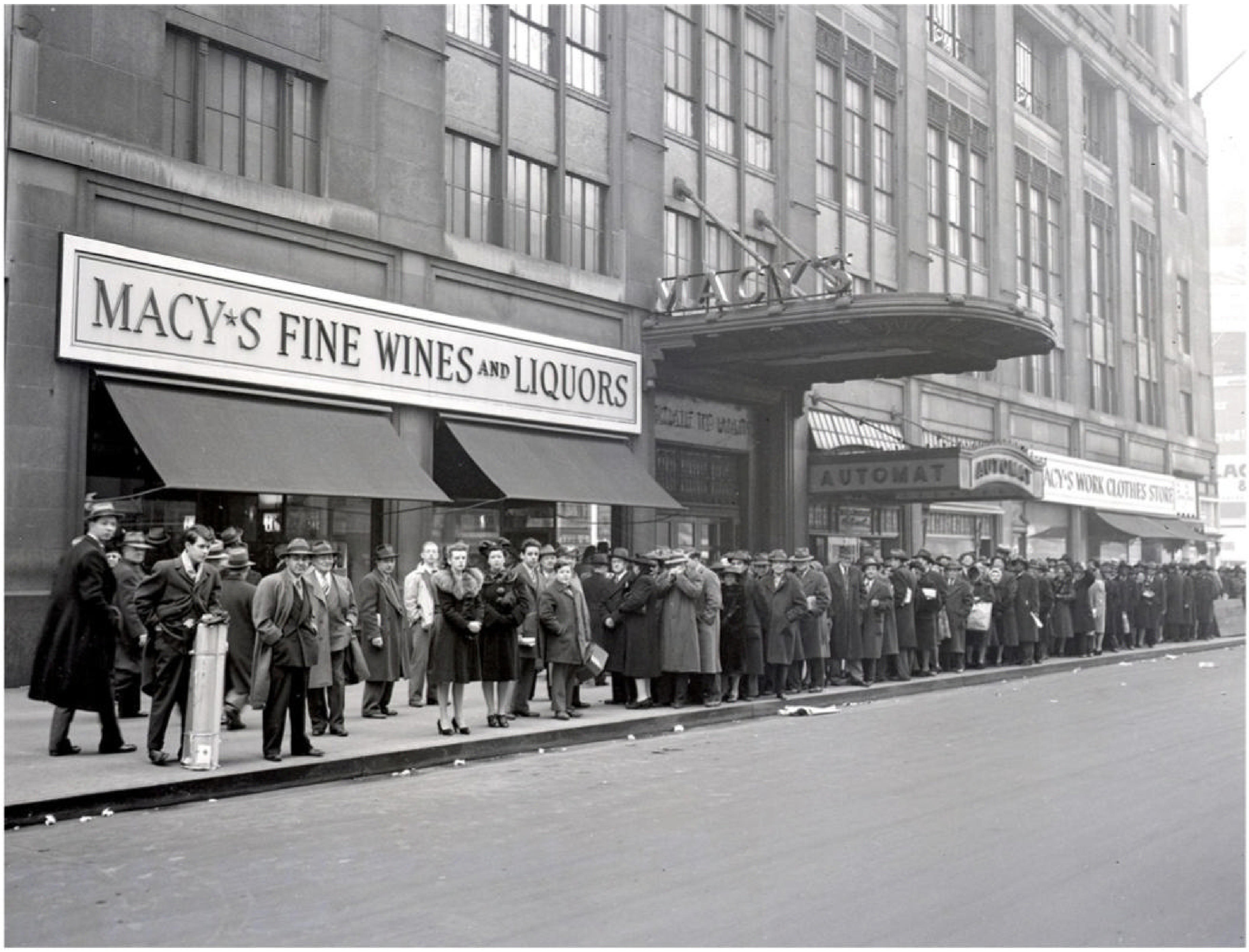
Vintage Wine Estates has named **Zach Long** as the company's new COO. Long is an internal promotion, previously serving as Vintage's senior vice president of winemaking and production. In his new role, Long will take charge of Vintage's 14 estate wineries and two production facilities. He has decades of industry experience and joined the Vintage team when the company acquired Kunde in 2021. In addition to naming a new COO, Vintage has promoted **Jenna Duran** to vice president of marketing. Previously, Duran was Vintage's senior director of marketing. She has been with Vintage since 2013.

Champagne Bollinger has appointed **Benoît Pernod** as director of operations following the departure of longtime cellar master Gilles Descôtes last year. Pernod joined the company last year and is now responsible for all production operations. Meanwhile, **Denis Bunner** has been named chief winemaker. Bunner was recruited to the team in 2013 by Descôtes. Finally, **Gael Vuille** has been appointed vineyard and grape supply director at Bollinger, which has a number of projects underway in the run-up to its bicentenary in 2029.

Napa Valley, California's Cakebread Cellars has named **Laura Webb** as vice president of marketing and sales. Webb joins the Cakebread team with two decades of industry experience, including a decade at Brown-Forman. Most recently she spent ten years as a consultant. During her career, Webb has worked on brands like Far Niente, Sonoma-Cutrer, and Beaulieu Vineyards, among others.

San Diego-based non-alcoholic brand Drink Monday has appointed **Ken Young** as CEO. Young brings 15 years of experience to Drink Monday, having worked at Anchor Brewers & Distillers, Campari, Treasury Wine Estates, and Young's Market Co. Drink Monday's portfolio includes non-alcoholic takes on gin, whiskey, and mezcal. mw

Danielle Palecek Driscoll



Customers wait outside the wine and spirits shop at Macy's department store in New York City in this photo from 1944. Macy's was once among the preeminent liquor retailers in the city, and was the proud holder of New York retail license No. 1, the oldest in the state. Its first leader after the repeal of Prohibition was Rudy Kopf, who eventually left to found wine and spirits importer Kobrand Corp. The Macy's operation lasted until 1979, when it was shuttered to make more room for the men's department. Today, Macy's still sells wine—though it's an online component— and it still holds that first retail license.

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